

R E P O R T

OF THE

LOCAL EXPENDITURE LIMITATIONS ADVISORY COMMISSION

Trenton, New Jersey

July, 1985

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LOCAL EXPENDITURE LIMITATIONS ADVISORY COMMISSION

TO: The Honorable Thomas H. Kean,
Governor of the State of New Jersey

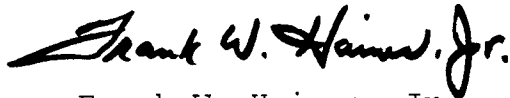
The Honorable Carmen A. Orechio,
President of the New Jersey Senate

The Honorable Alan J. Karcher,
Speaker of the General Assembly

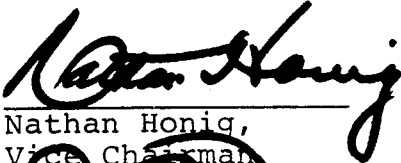
The Members of the New Jersey Legislature

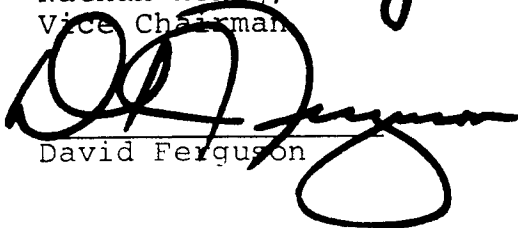
The Local Expenditure Limitations Advisory Commission, established pursuant to P.L. 1983, c.49 (C.40A:4-45.12 et al.), respectfully submits its annual report in compliance with the provisions of section 10 of that act.

Respectfully,



Frank W. Haines, Jr.
Chairman


Nathan Honig,
Vice Chairman


David Ferguson


Susan S. Lederman


Joseph North


Frank DeRosa


Joseph M. Hartnett


Harold Mullin


Fred J. Rossi


Barry Skokowski

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I. EXECUTIVE SUMMARY

The Local Expenditure Limitations Advisory Commission was established in January, 1984, pursuant to P.L. 1983, c.49 (C.40A: 4-45.17). The law specified that the Commission should submit an annual report to the Governor and the Legislature, paying particular attention to three matters:

- (1) counties' and municipalities' utilization of the local ordinance and referendum options (including data on how the increases in appropriations are to be allocated);
- (2) a review of the use of the banking option; and
- (3) an enumeration of any transfers of functions for which an exception was provided during the local budget year.

For the 1984 local budget year, six counties and 199 (of a total of 487 capped) municipalities used the index ordinance to increase their tax levies or final appropriations. Referendums to exceed the cap for the 1984 local budget year were conducted in 26 municipalities, situated in 11 counties. Of these, 15, or 56%, were approved.

In county and municipal testimony before the Commission, there was little comment on the ordinance and referendum options. One county representative did suggest that the referendum option available to municipalities be extended to counties, but the Commission received no further evidence of such interest. Representatives of two professional municipal organizations provided the only substantive recommendations on the referendum. They suggested that the line-item allocation of appropriations required if a referendum

passes or fails either be eliminated or required only in the event that the referendum carries.

Eight counties had appropriations available for banking in the 1984 local budget year. This represented a total dollar volume of \$12,250,891. The Commission collected data on municipal utilization of the banking option on a county-by-county basis.

Four of the eight county representatives who testified before the Commission expressed support for the banking option. Of the four, two representatives observed that without the option, their counties would have been forced to overbudget in order to preserve the maximum allowable cap base for the following year. Similarly, municipal officials who commented on the banking option generally favored it. Some support was voiced for extending the period within which the amounts banked can be spent.

Local budget year 1984 was the first year in which an exception was allowed for transfers of services or functions between local public entities. There were few transfers of this type in 1984 and, therefore, the exception was not widely utilized. Of the four commission charges, this provision of the cap law elicited the least response from county and municipal officials. One county representative and one municipal professional organization expressed support for this exception but otherwise, there was no comment on it.

Besides offering observations and recommendations on the above three items, county and municipal officials commented on other aspects of the cap law. Of particular concern to the county officials was a permanent solution to the problem of county reimbursable costs and the creation of exceptions for certain specified costs. Chief among those costs cited were "mandates", increases in insurance

costs, all areas of education and costs associated with operating a new jail or adding to an existing one. In general, though, no major dissatisfaction was conveyed on the part of county officials.

Municipal officials expressed consistent dissatisfaction with the cap law. Principal among the complaints voiced was that by so constraining the spending power of municipalities, the law seriously undermines local control. Those officials also contended that the law does not keep down local spending, primarily because of the existence of numerous exceptions and because the increase in appropriations is limited rather than the increase in property tax collections. Although municipal officials did not argue that the cap law had precipitated layoffs, they claimed that it had resulted in deferred maintenance and a general decline in service provision and that the continued existence of the law would likely lead to more substantial cutbacks. Many of the municipal officials who presented views recommended that if the cap law is maintained, particular exceptions be created in order to alleviate budgetary pressures in their own municipalities.

To fulfill its statutory obligation "to collect and assemble information and data on the effects of the [cap] law upon counties, municipalities and property taxpayers of this State", the Commission selected certain indicators of the law's effectiveness which it will monitor in subsequent years. To gauge the impact of the county cap, the Commission assembled data on the real property tax levy and cap exceptions over time, on a county-by-county basis. Using this information, the Commission conducted a county-by-county comparison of changes in the size of the tax levy and examined the percentage the

capped portion of each county's tax levy represents of the total levy and of total appropriations. Finally, the Commission considered the relationship between the total levy and the original adopted county budget over time. Using county breakdowns on exceptions, the Commission studied the use of exceptions on a county-by-county basis, the relative use of each exception and the dollar value of each exception as a proportion of the total county levy and of total county appropriations. Over time, this will allow the Commission to monitor very specific impacts of the cap law on county budgeting.

In order to monitor the impact of the municipal caplaw, the Commission circulated a questionnaire to municipal officials in the State's 487 capped municipalities. Almost half of those officials returned the questionnaire, providing a basis for the collection of data in future years. In certain cases, data obtained from the questionnaire may be analyzed in conjunction with information compiled by the Division of Local Government Services of the Department of Community Affairs. The focus of the questionnaire was on identifying measurable impacts of the cap law on municipalities. Specifically, information was solicited regarding the capped/un-capped distribution of appropriations, those areas which created most budgetary pressure and personnel and service reductions attributable to the cap law. Some attempt was made to identify whether the existence of certain provisions of the law precipitates particular spending decisions (e.g., whether the exception for "pay-as-you-go" capital expenditures influenced a decision not to bond). Finally, recommendations for any changes in the law were elicited. The questionnaire provided the Commission with a diversity of reactions to the cap law on the part of municipalities of all sizes, representing every geographic area of the State.

II. INTRODUCTION

On August 18, 1976, a law imposing certain expenditure and taxing limitations upon New Jersey's municipalities and counties became effective. Since then, this law, commonly known as the "cap law" (P.L. 1976, c.68; C.40A:4-45.1 et seq.), has undergone significant amendments, the most recent comprehensive changes occurring with the enactment of Senate Bill 2016 as P.L. 1983, c.49.

A compiled version of the law is included as Appendix I. Informal opinions by the Attorney General on various provisions of the cap law can be found in Appendix II.

The 1983 amendments were based, in large part, upon the recommendations, suggestions and conclusions of two study commissions - the Local Budgetary Limitations Technical Review Commission (the "Technical Commission") and the Local Budgetary Limitations Review Commission (the "Caps Commission") - and reflected a consensus of opinion perhaps best summarized in the Technical Commission's final report:

[T]he basic structure of the local cap law remains appropriate and represents a reasonable policy for restraint of growth in local expenditures/tax levies while making sufficient allowance for local service provision. However, if the CAP law is to be extended beyond its December 31, 1982 expiration date, it is in need of changes to improve the flexibility of the respective CAP formulas, to make them more responsive to short-term changes in fiscal and economic conditions and local needs.

With certain modifications, the Legislature adopted the two commissions' recommendations; the cap law was amended to accord local governing bodies greater budgetary flexibility, and the law's application was extended until December 31, 1986.

In addition to the operational and structural changes, the Legislature adopted a Caps Commission proposal to establish a technical advisory commission, to be known as the "Local Expenditure Limitations Advisory Commission." The statutory duty of this Commission is to conduct an on-going review of the cap law and "to collect and assemble information and data on the effects of that law upon counties, municipalities and property taxpayers of this State." In fulfilling this responsibility, the Commission is to pay "particular attention":

to the role which that laws plays in controlling the relative balance between property taxes and other sources of local revenue; to any economic developments, and any executive or legislative or judicial actions, which may affect that relative balance or the efficacy of the law; and to any unforeseen effects of the law on the financial stability or efficiency of local government.

The Commission is required to submit an annual report to the Governor and the Legislature. In addition to a summary of its review of the cap law and its effect upon the counties, municipalities and property taxpayers of the State, the Commission's report is to include information and data on the following four matters:

- (1) the utilization by counties and municipalities of the local ordinance and referendum options (including data on how the increases in appropriations are to be allocated);
- (2) a review of the use of the banking of cap leeway;
- (3) an enumeration of any transfers of functions for which an exception was provided during the local budget year; and

(4) a statement of the index rate to apply in the next local budget year, and any alterations which have occurred in the method of calculating the index rate since the effective date of P.L. 1983, c.49 (including any recommendations for legislation to compensate for any effects of those alterations).

The Commission was formally organized in January, 1984. At its organizational meeting on January 27, 1984, Frank W. Haines, Jr. was elected to serve as Chairman and Nathan Honig as Vice-Chairman.

The Commission has met on a monthly basis since its inception. To coordinate its review program and plan its long-range research activities, the Chairman established a Research Subcommittee. The Subcommittee, consisting of the Chairman, Vice-Chairman and Commission members Susan Lederman and Barry Skokowski, has convened on a number of occasions.

In seeking to fulfill its statutory duty to review the effects of the cap law, the Commission has invited representatives of municipal and county government, professional organizations, State agencies and academicians to present their opinions and assessments of the law. At the same time, the Commission has begun to assemble its own data base by mailing questionnaires to capped municipalities, in order to solicit specific budgetary and expenditure-related information. Finally, the Commission has undertaken the task of collecting data on county and municipal budgeting, changes in the county tax levy and other matters from the Department of Community Affairs and other sources.

III. LEGISLATIVE CHARGES

As noted in the introduction to this report, P.L. 1983, c.49 assigned the Commission two duties, (a) to conduct a general review of the effects of the cap law, and (b) to report on four specific matters: (1) the use of the local ordinance and referendum options, (2) transfers of functions from local public utilities, local public authorities or special purposes districts to municipalities and transfers of functions from municipalities to counties, (3) use of the banking option, and (4) the index rate. Before proceeding to the broader question of county and municipal experiences under the law, the Commission's findings on the four specific charges can be summarized as follows:

Use of the Local Ordinance and Referendum Option

The Commission's statutory charge is to assemble information and data on:

[t]he utilization by counties and municipalities of the local ordinance option and referendum option provided by the law for the purpose of permitting local governments to exceed the limitations on increases in final appropriations or county tax levies, including data for each instance of utilization and data on current and cumulative increases in categories of appropriations items taken under each of these options *

* P.L. 1983, c.49, s.10 (C.40A:4-45.17)

For the 1984 local budget year, six counties and 199 municipalities used the index ordinance to increase their tax levies or final appropriations.* This represents a decline in use of the index ordinance of approximately 10% over the 1983 local budget year, when 221 municipalities used this option.** Counties experienced no change; six counties went to ordinance in both the 1983 and 1984 local budget years.

Only two of the eight counties providing comments on the cap law to the Commission offered reactions to the ordinance option. The comment made on behalf of Bergen County was that the option had never been an issue, and was viewed as a "political problem." From Ocean County, which had used the option for two years, the comment was that the full benefit had been reduced by the disallowance of the utility exception.

An analysis of rates adopted by the municipalities which went to ordinance for the 1983 local budget year reveals that the large majority, 88%, adopted the maximum rate, 7.5%. Nine percent adopted a rate of between 7.0% and 7.4% while the remainder adopted rates of between 6.5% and 5.9%. The distribution, by county and municipality, of the rates adopted is shown in Table 1 in Appendix III.

For the categories of salaries and wages and other expenses, the only two categories for which data was available to the Commission, the resulting increases in final appropriations for local budget years 1983 and 1984 were as follows:

* Source: Division of Local Government Services

** Source: Division of Local Government Services

TABLE 1 *

1983 Use of Index Ordinance

	<u>Salaries & Wages</u>	<u>Other Expenses</u>	<u>Total</u>
Counties	\$ 1,634,416.60	\$ 969,635.27	\$ 2,604,051.87
Municipalities	<u>9,920,237.15</u>	<u>7,575,456.47</u>	<u>17,495,693.62</u>
	\$11,554,653.75	\$8,545,091.74	\$20,099,745.49

1984 Use of Index Ordinance

	<u>Salaries & Wages</u>	<u>Other Expenses</u>	<u>Total</u>
Counties	\$ 612,865.23	\$1,133,335.63	\$ 1,746,200.86
Municipalities	<u>4,561,084.37</u>	<u>4,191,120.68</u>	<u>8,752,205.05</u>
	\$ 5,173,949.60	\$5,324,456.31	\$10,498,405.91

* Source: Division of Local Government Services (9/23/84)

The 1983 amendments* to the cap law created an exception for the cost of a referendum to exceed the cap. Although the number of referendums held nearly doubled from 1983 to 1984, rising from 15 to 27 (refer to Tables 2 and 3), it is premature to attribute this increase to the newly-available exception. Those municipalities which held a referendum were not polled to determine whether the statutory change had any bearing on their decision to go to referendum. In addition, complete information on appropriations is not available for those referendums which were held.

There were, overall, few comments on the referendum from municipal officials testifying before the Commission. One recommendation concerning the referendum issue was made by both the President of the New Jersey Municipal Finance Officer's Association and by a representative of the New Jersey Registered Municipal Accountant's Association. Both officials advocated the elimination of the requirement of a line-item listing of how the appropriations in excess of the cap limit are to be spent, whether the referendum passes or fails. One witness suggested that a line-item list only be prepared if the referendum passed and the other wanted the provision eliminated altogether.

* P.L. 1983, c.49, s.5 (C.40:4-45.3)

It is the Commission's perception that most elected officials are reluctant to use the referendum to increase spending authority.*

A recommendation that the referendum option be extended to counties was included in the comments made to the Commission on behalf of Mercer County. The Technical Commission, in its November 1982 Report, did not view a county cap referendum as a practical option. Although pending legislation, Assembly Bill 1085 OCR of 1984,** which would authorize a county referendum, suggests that there is some interest, the issue was not raised when the representatives of county governments appeared before the Commission. The task of educating citizens on the purposes of a county referendum, the expense of such a special county-wide referendum, the general lack of citizen interest in county government and opposition to referendum by elected county officials lead the Commission to conclude that the addition of a county referendum option to the cap law, while providing for statutory uniformity, is not a popular alternative and, in all probability, would not be used.

* In a development occurring late in the 1984 local budget year, the Attorney General's office issued an informal opinion concerning the binding nature of budget proposals rejected at referendum (this informal opinion is included in Appendix II). The opinion would accord broad discretion to municipal governing bodies to modify the budget to meet local needs after the referendum. This development raises questions about the binding nature of appropriations approved by the voters.

** This legislation received second reading on June 28, 1984.

TABLE 2
VOTING DATA ON 1984 MUNICIPAL CAP REFERENDUMS

<u>Approved Referendums</u>		<u>Election Result</u>					
<u>Municipality</u>	<u>County</u>	<u>Yes</u>	<u>No</u>	<u>Total</u>	<u>No. of Reg. Voters</u>	<u>% of Reg. Voting</u>	<u>Election Approp.</u>
Boonton Twp.	Morris	194	113	307	1,824	17%	\$ 3,000
Brooklawn Boro	Camden	57	17	74	1,048	7	500
Fort Lee Boro	Bergen	1,546	1,381	2,927	17,052	17	7,000
Guttenberg Town	Hudson	579	161	740	3,507	21	--
Lindenwold Boro	Camden	466	244	710	6,532	11	2,400
Matawan Boro	Morrmouth	369	184	553	4,729	12	2,000
Neptune City Boro	Morrmouth	145	76	221	635	35	2,000
Newfield Boro	Gloucester	126	46	172	939	18	--
Rockleigh Boro	Bergen	52	9	61	99	62	--
Spring Lake Boro	Morrmouth	327	260	587	2,961	20	--
Spring Lake Hts. Boro	Morrmouth	197	185	382	3,434	11	--
Tuckerton Boro	Ocean	375	108	483	1,304	37	--
Washington Boro (El.#2)	Warren	703	199	902	2,263	40	--
Woodbury Hts. Boro	Camden	599	299	898	1,958	46	--
Wood-Ridge Boro	Bergen	571	420	991	5,010	20	3,000
TOTAL 15		6,306	3,702	10,008	53,295	19	
<u>Defeated Referendums</u>							
Berkeley Twp.	Ocean	2,085	4,389	6,474	16,903	38%	--
Brick Twp.	Ocean	2,134	4,874	7,008	28,067	25	18,000
Byram Twp.	Sussex	565	921	1,486	4,235	35	5,000
Dumont Boro	Bergen	660	2,261	2,921	10,301	28	--
Glassboro Boro	Gloucester	249	433	682	5,819	12	--
Harrington Park Boro	Bergen	253	311	564	2,779	20	1,500
Mine Hill Twp.	Morris	186	737	923	1,747	53	--
North Bergen Twp.	Hudson	648	7,572	8,220	25,129	33	28,000
North Brunswick Twp.	Middlesex	602	1,351	1,953	12,528	16	--
Saddle Brook Boro	Bergen	415	955	1,370	7,950	17	5,450
Washington Boro (El.#1)	Warren	212	497	709	2,263	31	1,300
Winfield Twp.	Union	121	145	266	976	27	2,000
TOTAL 12		8,130	24,446	32,576	118,697	27	

* Source: Division of Local Government Services (10/3/84)

TABLE 3

Municipal Referenda to Exceed the CAP

1977 - 1984

Year	Number of Referenda			% Appr'd	Appropriations	
	Total	Appr'd	Defeated		Approved	Defeated
1977	3	3	0	100%	\$ 124,452	\$
1978	14	4	10	29	584,640	1,708,415
1979	32	13	19	41	1,933,050	2,318,999
1980	68	29	39	43	4,387,358	5,790,251
1981	93	32	61	34	3,929,664	13,979,878
1982	40	18	22	45	2,470,923	3,687,224
1983	15	11	4	73	1,071,283	714,912
1984 ^(a)	27	15	12	56	1,697,982	5,706,717
Accumulated Total	292	125	167	43%	\$16,198,852	\$33,906,396

(a) Reflects 2 referenda in Washington Borough, Warren County. Second after judicial order approved \$80,391.13.

Source: Annual Budget Files, Division of Local Government Services,
Department of Community Affairs (8/28/84)

Transfers of Functions to Counties and Municipalities

The Commission is required to provide:

[a] list of instances of services or functions [transferred] . . . , and information and cumulative data on categories of services or functions assumed in various service or function areas, and on transfers of services or functions between types of local public entities*

This kind of transfer was not widely used by counties or municipalities in the 1984 local budget year, the first year in which the exception was available.

The Commission received comments on behalf of Mercer County only on the transfers of services involving counties. The Mercer representative expressed support for the exception for transfers of services or functions to counties.

With one exception, municipal officials providing testimony to the Commission did not comment upon the transfer provisions. The exception was the New Jersey Municipal Finance Officer's Association, which expressed its support for those provisions.

Use of the Banking Option

In any year in which the index rate exceeds 5%, a county or municipality which adheres to the 5% cap rate and which levies or appropriates less than 5% over the year before may "bank", or set aside the difference between the actual amount levied or appropriated, and the amount which the cap law would have allowed. The amount banked may be carried forward for a two-year period.

* P.L. 1983, c.49, s.10 (C.40A:4-45.17)

Use of the Banking Option by Counties

Although data on municipal banking is available from the Division of Local Government Services on a municipality-by-municipality basis, the Commission determined that county-wide totals were sufficient for the purposes of this report.

For the 1984 local budget year, eight counties increased their tax levies by less than 5%, and, therefore, were able to bank the difference.* In the 1983 local budget year, 10 counties were able to bank significant amounts.** The total county balance available for banking for 1984 was \$12,250,890.42; the total for the preceding year, \$8,722,975.74. Table 4 shows the use of the banking option for both years, by county, and the total amounts available for banking for local budget year 1985.

In comments made to the Commission, support for use of the banking option came from Bergen, Mercer, Middlesex and Morris. Representatives of the first two counties observed that, without the option, they would be forced to overbudget in order to preserve the maximum allowable cap base for the following year. There was no comment on the banking option from the four remaining counties.***

* A ninth county also increased its tax levy by more than 5%, but the amount banked was only \$.86.

** Two additional counties had banked amounts of less than \$1.00 each for that year.

***The response from Monmouth and Ocean merely indicated that those counties had not yet availed themselves of the option.

TABLE 4

1985 COUNTY CAP BANK CALCULATIONS

(1) County	(2) '83 CAP Rate	(3) Balance 12/31/83	(4) Bank Utilized in '84		(5) Available For '85 Banking	(6) '84 CAP Rate	(7) 1984 Bank		(9) Available For '85 Banking	(10) Total 1985 Available (Col. 5 + Col. 9)
			Balance	Budget			Allowable Operating Levy	Approved Budget		
Atlantic	5%	603,683.10	510,971.32	510,971.32	92,711.78	5%	40,857,409.80	40,857,409.80	-0-	92,711.78
Bergen	5	1,272,404.74	1,272,404.64	1,272,404.64	.10	5	121,924,667.07	121,924,667.07	-0-	.10
Burlington	5	1,963,059.83	943,191.92	943,191.92	1,019,867.91	5	45,480,001.17	45,480,001.17	-0-	1,019,867.91
Camden	5	1,885,096.98	-0-	-0-	1,885,096.98	5	102,707,024.40	102,707,024.40	142,757.40	2,027,854.38
Cape May	7.5	-	*	*	-	6.5	-	*	-	-0-
Cumberland	7.5	-	*	*	-	6.5	-	*	-	-0-
Essex	5	-	-	-	-	5	172,478,766.76	168,139,063.16	4,339,703.60	4,339,703.60
Gloucester	7.5	-	*	*	-	6.5	-	*	-	-0-
Hudson	5	1,037,543.27	-0-	-0-	1,037,543.27	5	84,080,724.94	79,888,443.42	4,192,281.52	5,229,824.79
Hunterdon	5	192,067.35	-0-	-0-	192,067.35	5	15,027,614.03	14,900,000.00	127,614.03	319,681.38
Mercer	5	4,526,272.63	1,565,737.79	1,565,737.79	2,960,534.84	5	57,593,286.63	57,593,286.63	-0-	2,960,534.84
Middlesex	6.91	-	*	*	-	5	114,547,111.12	112,452,800.00	2,094,311.12	2,094,311.12
Monomouth	5	-0-	-0-	-0-	-0-	5	77,065,967.79	77,065,967.79	-0-	-0-
Morris	5	-0-	-0-	-0-	-0-	5	63,025,527.64	62,464,401.34	561,126.30	561,126.30
Ocean	7.5	-	*	*	-	6.5	-	*	-	-0-
Passaic	5	1,444,110.00	1,192,132.36	1,192,132.36	251,986.64	6.5	-	*	-	251,986.64
Salem	5	250,415.15	-0-	-0-	250,415.15	5	10,905,192.76	10,318,000.00	587,192.76	837,607.91
Somerset	7.5	-	*	*	-	6.5	-	*	-	-0-
Sussex	5	.15	-0-	-0-	.15	5	17,266,696.86	17,266,696.00	.86	1.01
Union	5	308,082.84	169,275.45	169,275.45	138,807.39	5	76,953,362.00	76,953,362.00	-0-	138,807.39
Warren	5	893,944.43	-0-	-0-	893,944.43	5	12,895,774.48	12,689,870.79	205,903.69	1,099,848.12
TOTAL		14,376,689.47	5,653,713.48	5,653,713.48	8,722,975.99		1,012,809,127.45	1,000,558,236.17	12,250,891.28	20,973,867.27

* Counties which used index rate.

Source: Division of Local Government Services (10/2/84)

In the 1984 local budget year, every county but Mercer had municipalities with amounts available for banking.* For the preceding year, all counties but Cumberland were in this position.** The total municipal balance available for banking in 1984 was \$14,119,431.63; the total for the preceding year, \$3,054,451.64. The following table shows the use of the banking option by municipalities based on county totals for both years, and the total amounts available for local budget year 1985.

TABLE 5

TOTAL AMOUNTS BANKED BY MUNICIPALITIES - COUNTY TOTALS

		1983 BANK ***	
	Balance 12-31-83	Utilized in Budget	Balance Avail. 1985
Atlantic	100,111.20	72,756.78	27,354.42
Bergen	581,564.06	204,926.26	376,637.80
Burlington	92,322.54	56,786.71	35,535.83
Camden	122,955.59	52,279.68	70,675.91
Cape May	576,177.78	143,903.72	432,274.06
Cumberland	42,635.78	42,635.78	-0-
Essex	167,340.14	10,660.31	156,679.83
Gloucester	98,375.04	24,493.76	73,881.28
Hudson	634,466.54	184,554.72	449,911.82
Hunterdon	126,514.95	25,030.92	101,484.03
Mercer	240,670.76	147,179.87	93,490.89
Middlesex	116,702.16	6.66	116,695.50
Monmouth	255,272.93	140,234.78	115,038.15
Morris	685,784.33	245,477.54	440,306.79
Ocean	174,342.14	138,653.77	35,688.37
Passaic	71,932.44	71,931.46	.98
Salem	72,879.24	51,678.10	21,201.14
Somerset	119,091.70	115,348.16	3,743.54
Sussex	204,550.46	46,646.75	157,913.71
Union	338,576.36	-0-	338,576.36
Warren	80,919.06	73,557.83	7,361.23
	<u>4,903,195.20</u>	<u>1,848,743.56</u>	<u>3,054,451.64</u>

* In Salem County, however, the amount was only \$0.01.

** For that year, however, Passaic County municipalities had only \$.98 available.

***Source: Division of Local Government Services

	1984 BANK		
	<u>Allowable Operating Appropriation</u>	<u>Approved Budget 'H-1'</u>	<u>Available for Banking</u>
Atlantic	84,213,687.02	84,018,260.64	195,426.38
Bergen	112,389,449.83	112,003,950.65	385,499.18
Burlington	27,678,995.18	27,572,316.20	106,678.98
Camden	59,708,750.56	58,741,386.27	967,364.29
Cape May	38,018,802.67	37,336,093.42	682,709.25
Cumberland	16,032,582.19	15,889,528.54	143,053.65
Essex	287,764,547.58	283,063,124.08	4,701,423.50
Gloucester	13,964,999.92	13,950,156.46	14,843.46
Hudson	146,393,374.25	146,183,281.96	210,092.29
Hunterdon	8,524,561.67	8,446,911.69	77,649.98
Mercer	38,980,860.34	38,980,860.34	-0-
Middlesex	95,124,450.84	93,031,964.25	2,092,486.59
Monmouth	70,177,624.54	69,861,404.05	316,220.49
Morris	76,943,930.14	76,205,894.33	738,035.81
Ocean	60,916,203.45	60,759,890.78	156,312.67
Passaic	90,729,939.66	87,787,752.95	2,942,186.71
Salem	1,844,748.01	1,844,748.00	.01
Somerset	27,899,733.40	27,867,408.29	32,325.11
Sussex	12,680,718.22	12,658,177.04	22,541.18
Union	50,808,585.49	50,486,196.18	322,389.31
Warren	9,387,686.52	9,375,493.73	12,192.79
	<u>1,330,184,231.48</u>	<u>1,316,064,799.85</u>	<u>14,119,431.63</u>

Use of the Banking Option by Municipalities

Municipal officials generally supported the banking option in their testimony before the Commission. In question and answer sessions following presentations, some support was expressed for an extension of the period in which the banked amounts can be spent. In his written testimony, the President of the Municipal Finance Officer's Association suggested that the banking option works in favor of growth communities, which are less likely to appropriate the entire five percent increase over the previous year's appropriations, thereby being able to take advantage of the banking option. To eliminate this alleged bias, he recommended structuring the banking option around the "price index".

Whether the purpose of the cap law would be furthered by expanding the benefits of the banking option is an issue which the Governor and the Legislature may wish to consider. One possible modification would be to extend the permissible life of the bank, currently restricted to a two-year carry over. Another possible modification would be to enlarge the permissible bank to the difference between the amount of the actual final appropriations or tax levy and the amount of the permissible final appropriations or tax levy under the index rate. Currently, the bank is calculated using the difference between the first amount and the amount of the permissible final appropriations or tax levy under the 5% rate.

Index Rate

The Commission was directed to state the index rate which is to apply in the upcoming local budget year and any alterations which have occurred in the method of calculating the rate since its enactment. In connection with the latter, the Commission is authorized to include any recommendations for legislation to compensate for any effects of those alterations.

The index rate which will apply to the 1985 local budget year will be 6.5% (6.42826% rounded to the nearest half percent).*

* Source: Division of Local Government Services (8/23/84). See Table 3 in Appendix III, showing Implicit Price Deflators for Gross National Product for the entire period 1972 through the present.

The rate represents the percentage increase in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services as compiled by the U.S. Department of Commerce between the second quarter of the 1983 and 1984 local budget years. The following table shows the index rates for, and calculations applicable to, local budget years 1982 through 1984.

To the Commission's knowledge, no changes have occurred in the method of calculating the index rate since its enactment in 1972.

TABLE 6

IMPLICIT PRICE DEFLATOR FOR STATE AND LOCAL GOVERNMENT
PURCHASES OF GOODS AND SERVICES, 1981 TO 1984
USED TO DETERMINE NEW JERSEY LOCAL CAP, 1983 TO 1985

<u>Year</u>	<u>Quarter II Implicit Price Deflator</u>	<u>Annual % Growth Q. II to Q. II</u>	<u>Applicable Index N.J.</u>	
			<u>Munic. Budget Year</u>	<u>Amount</u>
1981	206.3			
1982	221.5 (1983 calcu- lation)	7.3679%	1983	7.5%
	220.8 Rev. (1984 calcu- lation)			
1983	234.9	6.3859	1984	6.5%
1984	250.0	6.4283	1985	6.5%

* Economic Indicators, July each year. Prepared for Joint Economic Committee by Council of Economic Advisors. Washington, D.C.

IV. THE COUNTY CAP

The Commission adopted two approaches for examining the county experience under the cap law. The first was to solicit the assessments of county officials on the impact of the law on their counties. The second was to gather and review data on county budgeting under the cap, increases and decreases in the tax levy and similar matters.

Testimony of County Officials

On May 8, 1984, the Commission sent a letter to 46 county administrators, county treasurers and other county officials, requesting their assessments of the law's impact on county operations and budgeting and their recommendations for change. As with the municipal officials whose views were solicited, the Commission directed that they pay particular attention to three of the four specific legislative charges:

- (1) use of the ordinance option;
- (2) use of the exception relating to assumption of services or functions previously provided by a local public utility, local public authority or special purposes district; and
- (3) use of the banking option.

Officials from six counties responded with written comments: Bergen, Mercer, Middlesex, Monmouth, Morris and Ocean. Representatives of two additional counties, Camden and Union, appeared before the Commission at its June 1, 1984 meeting. The views which emerged on the three legislative charges listed above were described in Part III of this Report.

Four counties offered recommendations for changes in the cap law. Significantly, all urged the adoption of a permanent solution to the treatment of county reimbursable costs. County reimbursable costs refer to those funds expended by counties for the purpose of providing matching funds in order to secure available federal or State aid money or to obtain reimbursement from federal, State or other funds. (Refer to Appendix III, Tables 6 and 7, for a listing of those costs claimed as exceptions in 1983 and 1984.) In certain cases, the exception has been interpreted by counties to include those amounts expended to support, operate or implement those aid and reimbursement programs.

In an informal opinion issued January 10, 1984 (refer to Appendix II), the Attorney General declared that those amounts expended for the support, operation and implementation of such programs could not be treated as a cap exception, and directed that the affected counties adjust their 1984 budgets accordingly. To avoid a budgetary crisis in those counties, the Legislature, with the enactment of P.L. 1984, c.22, provided a temporary solution by authorizing the affected counties to continue to treat those amounts as a "cap" exception. The unanimous sentiment in favor of making this exception permanent was echoed, as discussed below, by the New Jersey Association of Counties and the New Jersey Association of County Treasurers.*

* Prior to the release of this Report, a law was enacted to extend the provisions of P.L. 1984, c.22 for two more years. Senate Bill 2193 of 1984, substituted by Assembly Bill 2491 of 1984, was enacted as P.L. 1984, c.230. This law has been designated as temporary legislation and is, therefore, not part of the compiled law found in Appendix I.

The response from Bergen County included numerous additional recommendations on other topics, in particular, the creation of exceptions for the following: increases in insurance costs, all areas of education, operating costs of a new jail or additions to an existing jail and "mandates". The mandated costs cited were judicial costs, prosecutors' costs, arbitrators' awards in excess of 5%, costs associated with mental patients in State institutions and pension costs. Examples cited of education costs were those associated with public safety education, superintendents of schools and reimbursements for residents attending out-of-county two-year colleges. Related recommendations were for the adoption of a constant, utility base year calculation and for the use of a base year for any exception for increased insurance costs.

Two county organizations sent representatives to address the Commission on these issues. The New Jersey Association of Counties confined itself to strongly recommending support for an extension of the temporary exception for county reimbursable costs. The New Jersey Association of County Treasurers also addressed solely this issue, taking the identical position.

County Cap Data

The importance of establishing a sound, comprehensive data base to be used in analyzing the effects of the cap law cannot be over-emphasized. The Commission chose two aspects of county budgeting on which to collect data - the real property tax levy and cap exceptions - in order to analyze the impact of the cap law on counties.

Real Property Tax Levy

The Commission posed a number of questions about the county's real property tax levy. The first question concerned how the size, and changes in the size, of the tax levy have compared among counties. Table 7 shows the sizes of actual tax levies, by county, for local budget years 1982 through 1984, and the changes between 1982 and 1983, and 1983 and 1984. Over the first period, there was an 8.56% increase; during that period, county tax levies varied widely, with Mercer experiencing a .56% decrease and Cape May experiencing a contrasting 17.37% increase. From 1983 to 1984, there was an average increase of 8.39%. All counties during this latter period experienced increases of at least 4%, ranging from a low of 4.28% in Essex to a high of 14.24% in Gloucester.

Second, the Commission asked what percentage the capped portion of the tax levy represents of the total levy and of total appropriations. As shown in Table 8, the proportions remained relatively constant over the 1983-1984 period. The capped portion of the levy constituted 58.66% of the total levy for 1983, and 57.05% for the following year. The capped portion of the levy constituted 38.61% of total appropriations for 1983, and 37.72% for the following year. These percentages can be viewed as one indicator of the level of the cap law's influence over the extent of the discretion of county officials over their budgets.

TABLE 7

COMPARISON OF NEW JERSEY COUNTY PROPERTY TAX LEVIES, BY COUNTY, 1982-84 *

County	Actual Tax Levy 1982	Actual Tax Levy 1983	Actual Tax Levy 1984	Change Levy, 1982-83		Change Levy, 1983-84	
				Amount	Percent	Amount	Percent
Atlantic	\$ 34,887,696	\$ 37,695,560	\$ 40,857,410	\$ 2,807,864	8.05%	\$ 3,161,850	8.39%
Bergen	101,784,896	112,646,287	121,924,667	10,861,390	10.67	9,278,381	8.24
Burlington	40,008,289	42,588,821	45,480,001	2,580,532	6.45	2,891,180	6.79
Camden	87,199,778	94,621,623	102,564,267	7,421,845	8.51	7,942,644	8.39
Cape May	20,001,330	23,475,343	24,637,697	3,474,013	17.37	1,162,354	4.95
Cumberland	18,292,431	20,827,489	21,937,353	2,535,058	13.86	1,109,864	5.33
Essex	146,303,187	161,240,693	168,139,063	14,937,506	10.21	6,898,370	4.28
Gloucester	23,703,643	25,671,915	29,328,294	1,968,272	8.30	3,656,379	14.24
Hudson	73,500,515	78,332,674	79,888,443	4,832,159	6.57	1,555,769	6.89
Hunterdon	13,279,879	13,904,000	14,900,000	624,121	4.70	996,000	7.16
Mercer	52,088,234	51,795,937	57,593,287	-292,297	-0.56	5,797,350	11.19
Middlesex	93,021,769	102,277,236	112,452,800	9,255,467	9.95	10,175,564	9.95
Morrmouth	64,098,446	70,776,586	77,065,968	6,678,140	10.42	6,289,382	8.89
Morris	52,646,688	56,850,027	62,464,401	4,203,339	7.98	5,614,374	9.88
Ocean	44,185,107	49,208,777	54,373,065	5,023,670	11.37	5,164,288	10.49
Passaic	55,816,291	59,039,617	64,361,778	3,223,326	5.77	5,322,161	9.01
Salem	9,339,131	9,424,584	10,318,000	85,453	0.91	893,416	9.48
Somerset	32,746,000	37,577,268	41,261,000	4,831,268	14.75	3,683,732	9.80
Sussex	14,296,125	14,995,090	17,266,696	698,965	4.89	2,271,606	15.15
Union	66,793,352	69,879,317	76,953,362	3,085,965	4.62	7,074,045	10.11
Warren	10,068,632	11,456,745	12,689,871	1,388,113	13.79	1,233,126	10.76
21 Co. Total	\$1,054,061,419	\$1,144,285,589	\$1,236,457,423	\$90,224,169	8.56% **	\$92,171,835	8.39% **

* Figures rounded to the nearest dollar; excludes levies for county library and health services.

** Averages

Source: County cap calculation sheets as analyzed by New Jersey Taxpayers Association.

TABLE 8

CAPPED PORTIONS OF TAX LEVY AND APPROPRIATIONS *

COUNTY	1983 CAPPED LEVY/ TAX-EXCEPT.	1983 CAPPED LEVY/ APPROP.	1984 CAPPED LEVY/ TAX-EXCEPT.	1984 CAPPED LEVY/ APPROP.
ATLANTIC	66.62%	44.45%	66.56%	45.72%
BERGEN	42.91%	27.64%	40.23%	24.63%
BURLINGTON	69.00%	48.02%	67.79%	47.50%
CAMDEN	46.16%	33.13%	44.81%	31.75%
CAPE MAY	58.73%	41.27%	61.00%	42.06%
CHIMBERLAND	44.06%	26.12%	45.63%	27.40%
ESSEX	80.66%	44.76%	80.01%	46.78%
GLOUCESTER	44.93%	28.19%	42.63%	28.97%
HUDSON	71.93%	42.06%	78.37%	46.18%
HUNTERDON	60.86%	46.24%	61.82%	46.86%
MERCER	54.61%	40.35%	48.70%	32.64%
MIDDLESEX	37.41%	26.61%	37.33%	27.67%
MONMOUTH	56.00%	39.94%	55.73%	39.45%
MORRIS	66.77%	47.01%	65.03%	46.38%
OCEAN	56.05%	39.56%	54.99%	39.29%
PASSAIC	53.92%	35.70%	51.94%	33.34%
SALEM	78.57%	42.07%	71.86%	40.48%
SOMERSET	51.54%	40.41%	51.62%	41.67%
SUSSEX	74.12%	44.60%	69.70%	42.00%
UNION	68.34%	47.50%	54.71%	37.62%
WARREN	59.84%	36.64%	56.30%	32.56%
TOTAL	58.66%	38.61%	57.05%	37.72%

In the same vein, the Commission asked what percentage the total levy represents of the original adopted county budget. The average for local budget years 1982 through 1984 was 64.41%, 64.78% and 65.66%, respectively. A county-by-county breakdown appears in Table 9 on the following page.

* Source: Office of Legislative Services, Division of Information and Research (October 1984)

TABLE 9

COUNTY PROPERTY TAX LEVY AS A PERCENTAGE OF THE
ORIGINAL ADOPTED BUDGET, 1982 TO 1984*

<u>County</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
Atlantic	64.05%	66.34%	68.69%
Bergen	61.74	61.49	61.22
Burlington	67.15	66.53	70.07
Camden	69.01	70.37	70.77
Cape May	69.35	71.24	68.95
Cumberland	56.90	59.89	60.05
Essex	55.31	55.50	57.00
Gloucester	63.93	63.16	67.96
Hudson	56.85	57.87	58.68
Hunterdon	74.42	74.94	75.16
Mercer	70.99	67.92	67.03
Middlesex	71.09	71.68	72.77
Monmouth	67.51	71.32	70.78
Morris	69.24	70.45	70.70
Ocean	67.22	71.49	71.28
Passaic	68.45	64.80	64.19
Salem	56.10	53.10	53.30
Somerset	73.52	79.38	80.74
Sussex	61.36	60.17	60.26
Union	68.55	69.20	68.77
Warren	58.74	57.27	56.91
21 Co. Average	64.41%	64.78%	65.66%

* Source: New Jersey Taxpayer's Association (10/3/84)

The remaining data collected by the Commission to help form a complete picture of the role and behavior of the tax levy was county tax rates for the period beginning with local budget year 1977 and ending with local budget year 1984. This information is found in Table 10 on the following page.

County Cap Exceptions

With respect to county use of cap exceptions, the Commission posed three initial questions. The first question was what use is being made, on a county-by-county basis, of each exception. Tables 4 and 5 in Appendix III show the dollar amounts of each exception taken by each county for local budget years 1983 and 1984. For 1983, the exceptions commanding the five largest cumulative amounts were debt service (\$139,683,375); county welfare boards (\$76,747,017); reimbursable costs (\$64,185,931); vocational schools (\$64,042,958) and county colleges (\$62,432,508). The costs falling within the reimbursable costs exception for these years are listed in Appendix III, Tables 6 and 7, respectively. The inconsistent use of this exception may reflect varying levels of service provision among counties. It may also reflect varying needs for the exception, or a lack of awareness of its existence.

For the following year, the exceptions commanding the largest cumulative amounts were debt service (\$155,293,424); county welfare boards (\$80,594,966) and vocational schools (\$68,790,190).

To further define this picture of the relative reliance on specific exceptions, the Commission compiled a frequency count for all exceptions. Table 8 in Appendix III shows that, for local

TABLE 10

NEW JERSEY COUNTY TAX RATES FOR YEARS 1977 TO 1984

(per \$100 Equalized Valuation)*

COUNTY	1984	1983	1982	1981	1980	1979	1978	1977
ATLANTIC	.4514	.4543	.4278	.4965	.5644	.7235	.8913	.8928
BERGEN	.3781	.3075	.3679	.3591	.3643	.3768	.3844	.3773
BURLINGTON	.5996	.5998	.6056	.6117	.612	.6051	.6184	.6239
CAMDEN	1.1858	1.1395	1.1422	1.1678	1.1185	1.1094	1.1112	1.156
CAPE MAY	.4068	.4124	.402	.4209	.4415	.4748	.4737	.494
CUMBERLAND	1.09	1.1076	1.0196	.9836	.9655	.974	.981	1.0545
ESSEX	1.125	1.13	1.1198	1.2099	1.3021	1.3627	1.3562	1.4536
GLOUCESTER	.6676	.6196	.6257	.6103	.6172	.6232	.5878	.5905
HUDSON	1.0174	1.0644	1.0722	1.1071	1.1034	1.1107	1.1201	1.0994
HUNTERDON	.4561	.4578	.4691	.4439	.4115	.4327	.4291	.4311
MERCER	.8065	.7751	.8369	.8791	.9257	.9371	.9771	.968
MIDDLESEX	.6115	.5874	.5621	.5317	.5666	.6021	.626	.6208
MONMOUTH	.5382	.5431	.5355	.5318	.5575	.5951	.6316	.6305
MORRIS	.3668	.3591	.3507	.3347	.3622	.4056	.4271	.4424
OCEAN	.4388	.4298	.4296	.4382	.4232	.4306	.4253	.4466
PASSAIC	.6422	.6145	.6156	.661	.6486	.6283	.6442	.6458
SALEM	.8083	.8229	.8263	.8578	.8472	.8563	.842	.8624
SOMERSET	.506	.5027	.4752	.4613	.4897	.5021	.5016	.4967
SUSSEX	.5273	.4865	.4958	.506	.5334	.5641	.5708	.6562
UNION	.5332	.5116	.5203	.5014	.4945	.5166	.5124	.5122
WARREN	.6057	.5855	.5282 **	.4792	.5126	.5343	.5381	.5642

* If rate shows less than four places after decimal, add zeros at end.
Rates shown do not include county library or local health services taxes.

** Corrected by New Jersey Taxpayers Association.

Source: New Jersey Taxpayers Association, Annual County Abstracts of
Ratables, 1977-1984

budget year 1983, all counties used the new construction and debt service exceptions. Nineteen counties used the exceptions for unemployment compensation and capital improvements, and 18 counties used the exceptions for vocational schools and pensions. The remaining exceptions were each used by from five to 17 counties. A number of exceptions were not used by any county.

For local budget year 1984, all counties used only the exception for debt service. Twenty counties used the exception for new construction, 19 counties used the exception for vocational schools and 18 counties used the exception for capital improvements. The remaining exceptions, all of which were used, were each used by from five to 17 counties (refer to Table 8 in Appendix III).

The third question which the Commission posed in its effort to create a complete picture of the use of exceptions by counties was what percentage the county-wide total for each exception represents of the total county levy and of total county budget appropriated. The answer to this question is found in Table 11 on page 28.

TABLE 11

INDIVIDUAL CAP EXCEPTIONS AS A PERCENTAGE OF
STATEWIDE TAX AFTER
EXCEPTIONS AND BUDGET APPROPRIATIONS

CAP EXCEPTIONS	1983 TOTAL	1983 TAX AFTER EXCEPTIONS	1983 BUDGET	1984 TOTAL	1984 TAX AFTER EXCEPTIONS	1984 BUDGET
CONSTRUCTION	\$15,512,339	1.34%	0.88%	\$17,642,544	1.41%	0.94%
EMERGENCY AUTHORITY	3,421,208	0.30%	0.19%	3,082,186	0.25%	0.16%
VOCATIONAL SCHOOL	64,042,958	5.52%	3.64%	68,790,190	5.51%	3.64%
OUT OF COUNTY VOC. SCHOOL	216,000	0.02%	0.01%	128,500	0.01%	0.01%
DEBT SERVICE	139,683,375	12.05%	7.93%	155,293,424	12.44%	8.22%
DEFERRED CHARGES	4,774,598	0.41%	0.27%	3,988,016	0.32%	0.21%
UNEMPLOYMENT COMPENSATION	3,850,626	0.33%	0.22%	2,651,446	0.21%	0.14%
SOCIAL SECURITY	6,056,470	0.52%	0.34%	8,238,467	0.66%	0.44%
PENSION	1,691,661	0.15%	0.10%	1,760,069	0.14%	0.09%
CAPITAL IMPROVEMENT	17,409,149	1.50%	0.99%	22,083,604	1.77%	1.17%
CHILD PLACEMENT	1,249,664	0.11%	0.07%	1,422,637	0.11%	0.08%
LOCAL HEALTH	4,465,784	0.39%	0.25%	8,407,667	0.67%	0.45%
ENVIRONMENTAL HEALTH	2,557,090	0.22%	0.15%	1,931,733	0.15%	0.10%
PROSECUTORS SALARY	649,897	0.06%	0.04%	884,367	0.07%	0.05%
JUDICIAL SALARY	816,152	0.07%	0.05%	846,711	0.07%	0.04%
COUNTY WELFARE BOARD	76,747,017	6.62%	4.36%	80,385,725	6.44%	4.26%
MATCH FUNDS	3,478,046	0.30%	0.20%	3,818,014	0.31%	0.20%
MISCELLANEOUS	5,967,996	0.51%	0.34%	3,873,282	0.31%	0.21%

CAP EXCEPTIONS	1983 TOTAL	1983 TAX AFTER EXCEPTIONS	1983 BUDGET	1984 TOTAL	1984 TAX AFTER EXCEPTIONS	1984 BUDGET
COUNTY COLLEGES	62,432,508	5.39%	3.55%	69,594,966	5.57%	3.68%
REIMBURSEMENT COSTS	64,185,931	5.54%	3.64%	70,250,652	5.63%	3.72%
CAP BANK	-	-	-	5,653,714	0.45%	0.30%
OUT OF COUNTY 2 YEAR COLLEGES	-	-	-	2,621,902	0.21%	0.14%
INDEX RATE	-	-	-	1,746,061	0.14%	0.09%
FAMILY COURT	-	-	-	1,258,336	0.10%	0.07%
TOTAL EXCEPTIONS	479,210,471	41.34%	27.21%	536,354,213	42.95%	28.39%
TOTAL % NOT EXCEPTED		58.66%	72.79%		57.05%	71.61%

In summarizing the major points raised about the cap law, particular emphasis will be placed on issues addressed in a similar way by more than one individual. The questionnaire results will be outlined in light of the testimony. Where the opinions provided in the questionnaire support, or diverge significantly from, the testimony, this will be noted.

In its invitation, the Commission encouraged municipal officials to focus their presentations of views and recommendations on three of the four legislative charges: use of the referendum option; use of the exception relating to the assumption of services or functions previously provided by a local utility, local authority or special purposes district; and use of the banking option.* The response received on these charges has been discussed already in Part I of this Report.

The municipal officials, by and large, focused on two issues: (a) the overall value of the legislation itself, and (b) specific cap exceptions.

The most fundamental criticism leveled against the cap law was that it does not achieve its purpose, which was presumed to be the control of "runaway" local spending. A few reasons were cited for this. First, it was argued that the law has been repeatedly amended to include so many exceptions that its effectiveness has been seriously undermined.

Second, it was suggested that the law, in some situations, may actually discourage prudent spending policies. It was observed, for

* The presentations were made by officials whose names appear in Appendix IV; copies of their testimony may be obtained from the Office of Legislative Services.

example, that municipalities may be encouraged to reconstruct, rather than resurface, roads as the former is bondable and, therefore, cap exempt. Reconstruction, it was argued, is far more expensive than resurfacing and could be encouraged by the cap law where it might otherwise be uncalled for.

The third reason the cap law was said to be ineffective was because it does not necessarily keep tax bills down. A few officials suggested that if the goal of the law is to limit spending, a limit on property tax increases should be substituted for the present limit on appropriations.

There was broad agreement that the cap law significantly diminishes local control, and that serious problems result from this. Principal among the problems cited are the incomprehensibility of the budget document, and the resultant blurring of responsibility for local spending decisions.

Another issue raised by most of the officials was the cap law's impact on service spending and expenditures to maintain the municipality's own physical plant. Repeatedly mentioned was the resultant tendency, on the part of municipalities, to defer maintenance. Those services which were claimed to have suffered as a result of the cap law included library service, the shade tree program and road repair. Various officials suggested that the cap law was responsible for a general decline in the quality of life, citing such examples as the deferred painting of public buildings, and a reduction of contributions to volunteer and service organizations. While no one claimed that the cap law has resulted in lay-offs, many officials spoke of staff reductions through attrition, and reductions in personnel-related expenditures realized by cutting staff training

programs and spending for consultants and for part-time personnel. The general picture conveyed was that municipalities are currently operating with the absolute minimum number of employees required to provide the basic services, with no room left to fill gaps created by leaves of absence, vacations, prolonged illness and other foreseen or unforeseen staff reductions. A few officials claimed that the next stage of spending cuts will result in more substantial cutbacks in service provision.

Many suggestions were made to incrementally change the cap law, if it is maintained, in order to alleviate individual municipal budgetary pressures.

Municipal officials proposed the creation of various exceptions in order to alleviate budgetary pressure created by the cap law. In a number of instances, it was recommended that municipalities be allowed to spend revenue realized from increased court costs, unconstrained by the cap law. It was also suggested that the surplus be freed from cap limitations.

A few appropriations were repeatedly mentioned as placing the greatest strain on municipalities attempting to live within the cap. The president of the Municipal Finance Officer's Association voiced concern about compulsory arbitration settlements, which do not only affect salaries, but pensions, worker's compensation and benefits. While he did not specifically advocate a cap exception for those settlements, he suggested that those settlements should take the cap law into account. One municipal official recommended that all municipal public service salaries be equalized in order to reduce the pressure caused by binding arbitration settlements. Not only would this affect the salaries of uniformed personnel, but other

personnel who look to binding arbitration settlements as a standard for their own salary negotiations.

Other caplaw exceptions which were recommended by municipal officials included exceptions for: capital improvements; large fixed costs such as insurance and pensions; costs over which municipalities have no control and large increases in library contributions which are occurring as a result of revaluation.

Survey Results

In June, the Commission circulated a questionnaire which was addressed to municipal officials of the State's 487 capped municipalities (a copy of the questionnaire is included as Appendix V). Of those, 218 were returned in time to be analyzed for this Report, for an overall response rate of 45%.^{*} As indicated by Tables 12 and 13 on pages 35 and 36, those municipalities which returned questionnaires constitute a good representation of the total capped municipalities both by size and county.

The questionnaire focused on identifying measurable impacts of the cap law on municipalities. Specifically, information was solicited regarding the capped/uncapped distribution of appropriations, those areas which created the most budgetary pressure and personnel and service reductions attributable to the cap law. An attempt was made to determine whether the existence of certain provisions of the cap law precipitates particular spending decisions. Finally, recommendations for any changes in the law were invited.

It has been eight years since initial enactment of the cap law and so accommodations to it have likely been made on a continuing basis by municipalities. While the questionnaire may have identified

* Eight questionnaires were returned too late to be included in this Report.

TABLE 12

RESPONDANT MUNICIPALITIES BY POPULATION SIZE -- 1980 CENSUS

Population Size	Number of Responses	Total Number of Capped Municipalities	Number of Responses as a Percentage of Total Capped Municipalities	Number of Responses as a Percentage of Total Responses
Under 3,000	45	101	20.74	20.64
3,000 - 5,000	34	71	14.58	15.60
5,000 - 10,000	55	118	24.23	25.23
10,000 - 20,000	45	112	23.00	20.64
20,000 - 40,000	24	53	10.88	11.01
40,000 +	15	32	6.57	6.88
Total	218	487	100.00	100.00

TABLE 13

Number of Questionnaires Returned by County

	<u>Number Returned</u>	<u>Total - Capped Municipalities</u>
Atlantic	8	18
Bergen	36	69
Burlington	13	30
Camden	14	36
Cape May	9	14
Cumberland	2	7
Essex	10	22
Gloucester	11	19
Hudson	3	10
Hunterdon	5	18
Mercer	8	12
Middlesex	9	23
Monmouth	20	48
Morris	21	39
Ocean	11	32
Passaic	5	16
Salem	0	5
Somerset	8	18
Sussex	11	19
Union	11	20
Warren	5	12
Total	220	487

certain impacts which continue in 1984, therefore, other adjustments may now be part of a new pattern of spending developed in the early years following the cap law's enactment and may no longer be as easily identifiable. To the extent that municipalities continue to be constrained by the cap law in budgeting, the questionnaire can be a valuable tool in monitoring ongoing accomodation and other adjustments of spending limitations, over time.

Analysis of Questionnaire Response

The first question requested total appropriations broken down into capped and uncapped portions. It was hoped that this information would be an indication of the extent to which municipal officials are constrained by the cap law in making spending decisions. As Table 14 on page 38 shows, in both the 1983 and 1984 years, the majority of the sample had total appropriations of which over 70% were capped. In a very small number of instances (less than 2% of respondants) were less than half of those total appropriations comprised of capped appropriations. Based on this information alone, it would appear that the cap law may influence spending decisions. This data, however, cannot provide any meaningful indication of whether the law actually limits spending, since the law is structured in such a way as to allow municipalities to consistently increase appropriations through exceptions, and yet maintain a substantial balance of their budgets within the cap.

A large proportion of the respondent municipalities (161 out of 218, or 73.9%) indicated that public safety-related capped appropriations (police and fire salaries, vehicles and other expenses) placed the most pressure on their budgets in 1983-84. Over half (53.7%) claimed that other public employee salaries caused significant

TABLE 14

Percentage of Municipal Appropriations
which are Capped - by Number of Respondants
(percentage of total)

<u>Percentage of Budget Inside Cap</u>	<u>1983</u>	<u>1984</u>
40-50	4 (1.9)	3 (1.4)
50-60	18 (8.5)	21 (10.0)
60-70	56 (26.3)	55 (26.1)
70-80	72 (33.8)	72 (34.1)
80-90	53 (24.9)	50 (23.7)
90-100	10 (4.7)	10 (4.7)
Total	213	211

budgetary pressure. The other two items most frequently mentioned were solid waste-related appropriations (by 31.7% of the respondents) and insurance costs (27.5%).*

That municipalities encountered some difficulty in budgeting within cap limits and felt particularly pressured by certain major appropriations raises a few questions. First, was the pressure manifested by an overall decrease in levels of service? Second, were vital services maintained at the expense of other services considered to be less vital? Third, were service cutbacks, if any, achieved with or without personnel reductions?

In general, it appeared that if decreases had occurred as a result of the cap law, these adjustments had been made in previous years and that more recently, municipalities have managed to maintain existing levels of staffing and service provision. Less than half the respondents (45.4%), for example, indicated that the cap law had resulted in deferred maintenance. The majority of respondent municipalities (74.3%) experienced no change in the total number of police cars owned and leased. Similarly, most municipalities (67.9%) maintained the same level of garbage pick-up service over the 1983-84 period. Both these findings are interesting in light of the finding that two of the four most frequently mentioned items of budgetary pressure were public safety and sanitation. Finally, only 21.6% of respondent municipalities instituted new, or increased existing, fees during this period. Over half the municipalities polled (53.2%) indicated that the exception for "pay-as-you-go" capital expenditures did not influence their decision not to bond.

* This question was open-ended (refer to Appendix V) and respondents did not always specify whether "insurance" referred to personnel or the general cost of insuring government property. There may, therefore, be some overlap between "insurance" and both categories which include salary appropriations (i.e., "public safety" and "other public employees").

The questionnaire results were somewhat consistent with the picture presented in testimony before the Commission. A significant number of respondents indicated that certain appropriations did create pressure in budgeting, particularly, public safety vehicle and salary appropriations. In testimony before the Commission, the issue of an exception for public safety vehicle purchases was raised several times. Similarly, salaries of police and firemen generated discussion which focused on means of alleviating budgetary pressure caused by compulsory arbitration. Neither the representatives who testified before the Commission nor the questionnaire respondents indicated that the cap law had precipitated major layoffs.

Those officials who testified before the Commission generally painted a bleaker picture of the cap law's negative impact on service provision than that which emerged from the questionnaire. In representations before the Commission, it was claimed that the decline in service provision has been quite serious and that maintenance is routinely being deferred by municipalities. It was argued that this has resulted in a decline in the quality of life in certain municipalities which experience difficulty budgeting within the parameters of the cap law.

While the questionnaire response did not suggest that service levels are increasing, neither did it point to as severe a reduction as that suggested in testimony. Nor was there overwhelming evidence that maintenance is being deferred. It is possible that the testimony before the Commission did not represent a broad cross-section of municipal opinion as to the impact of the cap law on services. It is equally likely, however, that the means of identifying service impacts was not fully successful in eliciting

them. In considering the validity of the questionnaire result, two issues are of particular importance: first, whether a questionnaire administered eight years after enactment of a law is capable of adequately addressing its impact; and second, whether the questionnaire provided ample opportunity for officials to note service cutbacks.

The questionnaire focused on identifying change in service provision over the 1983-84 period and did not inquire as to earlier changes made in order to accommodate the cap law. Hence, no opportunity was provided to place the response in an historical perspective. Whereas the fees charged for a particular service may have remained constant in the study period, for example, it was impossible to tell whether those fees were initially levied in order to alleviate budgetary pressure created by the cap law. Officials who testified before the Commission were not constrained by a questionnaire format and were, therefore, able to present a more long-term picture of the cap law's impact on service provision. If both portrayals are accurate, then, it would appear that over time the cap law has precipitated cutbacks in service provision but that by 1983-84, the situation had stabilized.

It is not clear that the indicators of service provision developed for the questionnaire were sufficiently unambiguous to provide a reliable basis on which to draw conclusions about changing levels of service. In an attempt to measure level of police service, the number of vehicles owned and leased was used because it was considered universally relevant (i.e., all police departments employ vehicles) and easy to measure. This measure, however, is only partially revealing without some indication of how the level

of repair is changing. To measure this, the questionnaire asked for the average mileage on the stock of cars; however, the question was misunderstood and, therefore, poorly answered. In future years, the Commission might attempt to address the question of how to adequately measure changing levels of service provision.

As mentioned above, the fact that less than half the respondent municipalities increased fees would take on different meaning if it were known that a large proportion of the State's municipalities have imposed fees in the last eight years to alleviate cap pressure. As it was phrased, this question could only provide a limited indication of pressure which the cap law has placed on municipalities.

A third limitation of the questionnaire was that it did not provide an opportunity for officials to comment on understaffing, a complaint commonly leveled in the testimony. In focusing on more obvious impacts of the cap law such as personnel reductions and significant service cutbacks, the questionnaire may not have paid adequate attention to more subtle adjustments which municipalities have made. By definition, these adjustments are more fine-grained, and, therefore, harder to measure consistently across municipalities. For the same reason, they are difficult to elicit without direct questioning, which could bias the response in favor of finding such subtle impacts. In future years, the Commission may choose to monitor this subtle accommodation of the cap law by municipalities more closely using both the testimony, and questionnaire, formats.

THE "CAP LAW"

Synopsis prepared by County and Municipal
Government Research Team, Division
of Legislative Information and Research

1. It is hereby declared to be the policy of the Legislature that the spiraling cost of local government must be controlled to protect the homeowners of the State and enable them to maintain their homesteads.

At the same time the Legislature recognizes that local government cannot be constrained to the point that it is impossible to provide necessary services to its residents.

C. 40A:4-45.1

P.L. 1976, c.68

In recognition that the two concepts may be at cross purposes, the Legislature recommends that the program proposed hereunder be instituted on an experimental basis with a review at the end of the period to adjust the program based upon experience.

As used in this amendatory and supplementary act, "index rate" means the rate of annual percentage increase, rounded to the nearest half-percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, computed and published quarterly by the United States Department of Commerce, Bureau of Economic Analysis, calculating the annual increase therein at the second quarter which occurred in the next preceding local budget year. The Director of the Division of Local Government Services shall promulgate annually, on or before October 1, the index rate to apply in the next following local budget year.

P.L. 1983, c.49

C. 40A:4-45.1a

2. Beginning with the tax year 1977 municipalities other than those having a municipal purposes tax [levy] rate of \$0.10 or less per \$100.00 and counties shall be prohibited from increasing their final appropriations by more than 5% or the index rate, whichever is less, over the previous year except within the provisions set forth hereunder.

P.L. 1983, c.49

C. 40A:4-45.2

For the purpose of this section, in computing its final appropriations for the previous year, a municipality or county shall include, as part of its final appropriations:

a. Amounts of revenue generated by an increase in its valuations based solely on applying the preceding year's local purposes tax rate of the municipality to the assessed value of new construction or improvements, or on applying the preceding year's county tax rate to the apportionment valuation of new construction or improvements, as may be appropriate;

b. Revenues derived in the previous year from new service fees, or from any increase in any previously imposed service fees imposed by ordinance;

c. Amounts approved by referendum, pursuant to subsection 1 of section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3) and section 1 of P. L. 1979, c. 268 (C. 40A:4-45.3a);

d. Increased revenue received in the preceding year from payments in lieu of taxes on any property owned by a tax-exempt public entity, to the extent that the payment is excepted pursuant to subsection n. of section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3).

In each budget year subsequent to 1981, and in the case of a county in each budget year subsequent to 1982, whenever any municipality or county shall have transferred to any local public utility, any local public authority or any special purposes district, during the immediately preceding budget year, or at any time during the current budget year prior to the final adoption of the budget, any service or function funded during the immediately preceding budget year, either partially or wholly from appropriations in the municipal or county budget, the municipality or county shall deduct from its final appropriations upon which its permissible expenditures are calculated, or upon which its permissible county tax levy is calculated, pursuant to this section the amount which the municipality or county expended for that service or function during the last full budget year throughout which the service or function so transferred was funded from appropriations in the municipal or county budget.

Whenever a municipality determines to provide garbage collection for its residents in the local budget year immediately succeeding the year in which the State ordered the closure of its municipal landfill which theretofore had been available to its residents for garbage disposal and the amount of monies required in the municipal budget to fund the garbage collection services exceeds the budget appropriation made for the landfill operation in the last year of its operation, the municipality shall add the difference between the amount required to fund the garbage collection services in the first year in which they are provided and the amount last appropriated for the municipal landfill operation to the final appropriations for the current budget year upon which its permissible expenditures are calculated.

P.L. 1984,
c.231 C.40A:
4-45.2a (ap-
plies to 1984
local budget
year and there-
after)

3. In the preparation of its budget a municipality shall limit any increase in said budget to 5% *or the index rate, whichever is less*, over the previous year's final appropriations subject to the following exceptions:

P.L. 1983, c.49

C. 40A:4-45.3

a. The amount of revenue generated by the increase in its valuations based solely on applying the preceding year's general tax rate of the municipality to the assessed value of new construction or improvements;

b. Capital expenditures including appropriations for current capital expenditures whether in the capital improvement fund, or as a component of a line item elsewhere in the budget, provided that any such current capital expenditure would be otherwise bondable under the requirements of N. J. S. 40A:2-21 and 40A:2-22;

c. An increase based upon: (1) emergency temporary appropriations made pursuant to N. J. S. 40A:4-20 to meet an urgent situation or event which immediately endangers the health, safety or property of the residents of the municipality, and over which the governing body had no control and for which it could not plan; (2) emergency appropriations made pursuant to N. J. S. 40A:4-46 and special emergency appropriations made pursuant to N. J. S. 40A:4-53; or (3) special emergency appropriations made pursuant to N. J. S. 40A:4-54, section 1 of P. L. 1961, c. 22 (C. 40A:4-55.1) or section 1 of P. L. 1968, c. 194 (C. 40A:4-55.13). Emergency temporary appropriations, special emergency appropriations and emergency appropriations under (1) and (2) above shall be approved by at least two-thirds of the governing body and by the Director of the Division of Local Government Services, and shall not exceed in the aggregate 3% of the previous year's final current operating appropriations. Special emergency appropriations under (3) above shall be approved by at least two-thirds of the governing body, and shall not exceed in the aggregate 3% of the previous year's final current operating appropriations. Neither procedure shall apply to appropriations adopted for a purpose referred to in subsections d. or j. below[.];

d. All debt service, including that of a Type I school district;

- e. Amounts required for funding a preceding year's deficit;
- f. Amounts reserved for uncollected taxes;
- g. Expenditures mandated after the effective date of this act pursuant to State or federal law;
- h. Expenditure of amounts derived from new or increased service fees imposed by ordinance, or derived from the sale of municipal assets:
 - i. When approved by referendum;
 - j. Amounts required to be paid pursuant to any contract with respect to use, services or provision of any project, facility or public improvement for water, sewer, solid waste, parking, senior citizen housing or any similar purpose, or payments on account of debt service therefor, between a municipality and any other municipality, county, school or other district, agency, authority, commission, instrumentality, public corporation, body corporate and politic or political subdivision of this State. With respect to the amounts required to be paid for senior citizen housing in the above cited political subdivisions or bodies, the exceptions shall be subject to the review and approval of the Local Finance Board;
 - k. Amounts required to be paid by any constituent municipality of the Hackensack Meadowlands District established pursuant to article 2 of the "Hackensack Meadowlands Reclamation and Development Act," (P. L. 1968, c. 404; C. 13:17-4) to the inter-municipal account established pursuant to article 9 of said act (C. 13:17-60 through 13:17-76);
 - l. Programs funded wholly or in part by federal or State funds and amounts received or to be received from federal, State or other funds in reimbursement for local expenditures; **[or]**
 - m. Amounts **[expended]** *appropriated* to fund any increase in public utility, fuel oil, gasoline or heating oil charges which exceeds by more than 10% the **[previous year's final expenditures for such purposes]** *amount produced by subtracting from the amount appropriated in the previous year for these purposes that amount which was excepted pursuant to this subsection in that previous year;*
 - n. *Increased revenue from payments in lieu of taxes on any property owned by a tax-exempt public entity, to the extent that the payment received for any single property exceeds the amount of real property taxes received on that property in the year immediately prior to acquisition by the public entity, or, in the case of State property subject to P. L. 1977, c. 272 (C. 54:4-2.2a et seq.), to the extent that the total State payment exceeds the amount of the payment received in the 1982 budget year;*
 - o. *Any decrease in amounts received pursuant to any federal general purposes aid program from the amounts received in local budget year 1982, after deducting from the decrease any amount of new or increased federal or State general purposes aid explicitly provided for the purpose of replacing the decrease in federal aid; or*
 - p. *Amounts expended for the conduct of a special election required by law to be held at a time other than the time of the general election or the time of a regular municipal election.*

The provisions of any other law to the contrary notwithstanding, any referendum conducted by a municipality pursuant to subsection i. of section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3i.), for the purpose of requesting approval for increasing the municipal budget by more than 5% over the previous year's final appropriations, shall be held on the last Tuesday in the month of February of the year in which the proposed increase is to take effect. The municipal budget proposing such increase shall be introduced and approved in the manner otherwise provided in N. J. S. 40A:4-5 at least 20 days prior to the date on which such referendum is to be held, and shall be published in the manner otherwise provided in N. J. S. 40A:4-6 at least 12 days prior to said referendum date. *Notice shall be published pursuant to section 7 of P. L. 1953, c. 211 (C. 19:57-7) on the next day following the introduction of the budget.*

C. 40A:4-45.3a
P.L. 1981, c.66

Notwithstanding the provisions of Title 19 of the Revised Statutes to the contrary, referenda conducted by any municipality pursuant to subsection i. of section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3i.), for the purpose of increasing the municipal budget by more than 5% over the previous year's final appropriations, **[shall]* *may** be conducted with respect to the provision of polling places and the compensation of election workers in the same manner as is provided for school elections under Title 18A of the New Jersey Statutes.

C.40A:4-45.3a1
P.L. 1983, c.69

Notwithstanding any provisions of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.) to the contrary, municipalities shall, in budget year 1981 and in all subsequent budget years in deriving their final appropriations for the prior year upon which the 5% annual increase permitted under section 2 of P. L. 1976, c. 68 (C. 40A:4-45.2) is calculated, not be required to treat as exceptions to the prior year's final appropriations any appropriations of the proceeds of the sale of municipal assets which were contained in their budgets for the year 1980 or for any prior budget year. In all fiscal years subsequent to budget year 1981, municipalities shall, in deriving their final appropriations for the immediately preceding budget year upon which the 5% annual increase is calculated, treat the amounts of the proceeds of the sale of municipal assets appropriated in their budgets for the immediately preceding year as exceptions to the final appropriations under section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3).

C. 40A:4-45.3b
P.L. 1981, c.64

4. In the preparation of its budget, a county may not increase the county tax levy to be apportioned among its constituent municipalities in excess of 5% or the index rate, whichever is less, of the previous year's county tax levy, subject to the following exceptions:

P.L. 1983, c.49

a. The amount of revenue generated by the increase in valuations within the county based solely on applying the preceding year's county tax rate to the apportionment valuation of new construction or improvements within the county and such increase shall be levied in direct proportion to said valuation;

C. 40A:4-45.4

b. Capital expenditures including appropriations for current capital expenditures whether in the capital improvement fund, or as a component of a line item elsewhere in the budget, provided that any such current capital expenditure would be otherwise bondable under the requirements of N. J. S. 40A:2-21 and 40A:2-22;

c. An increase based upon: (1) emergency temporary appropriations made pursuant to N. J. S. 40A:4-20 to meet an urgent situation or event which immediately endangers the health, safety or property of the residents of the county, and over which the governing body had no control and for which it could not plan; (2) emergency appropriations made pursuant to N. J. S. 40A:4-46 and special emergency appropriations made pursuant to N. J. S. 40A:4-53; or (3) special emergency appropriations made pursuant to N. J. S. 40A:4-54, section 1 of P. L. 1961, c. 22 (C. 40A:4-55.1), or section 1 of P. L. 1968, c. 194 (C. 40A:4-55.13). Emergency temporary appropriations, special emergency appropriations and emergency appropriations under (1) and (2) above shall be approved by at least two-thirds of the governing body and, where appropriate, approved by the chief executive officer of the county, and further approved by the Director of the Division of Local Government Services, and shall not exceed in the aggregate 3% of the previous year's final current operating appropriations. Special emergency appropriations under (3) above shall be approved by at least two-thirds of the governing body, and, where appropriate, approved by the chief executive officer of the county, and shall not exceed in the aggregate 3% of the previous year's final current operating appropriations. Neither procedure shall apply to appropriations adopted for a purpose referred to in subsections d. or f. below;

d. All debt service;

e. Expenditures mandated after the effective date of this act pursuant to State or federal law;

f. Amounts required to be paid pursuant to any contract with respect to use, services or provisions of any project, facility or public improvement for water, sewer, solid waste, parking, senior citizen housing or any similar purpose, or payments on account of debt service therefor, between a county, and any other county, municipality, school or other district, agency, authority, commission, instrumentality, public corporation, body corporate and politic or political subdivision of this State. With respect to the amounts required to be paid for senior citizen housing in the above cited political subdivisions or bodies, the exceptions shall be subject to the review and approval of the Local Finance Board:

g. That portion of the county tax levy which represents funding to participate in any federal or State aid program and amounts received or to be received from federal, State or other funds in reimbursement for local expenditures: **[or]**

h. Amounts **[expended]** *appropriated* to fund any increase in public utility, fuel oil, gasoline or heating oil charges which exceeds by more than 10% the **[previous year's final expenditures for such purposes]** *amount produced by subtracting from the amount appropriated in the previous year for these purposes that amount which was excepted pursuant to this subsection in that previous year;*

i. *Any decrease in amounts received pursuant to any federal general purposes aid program from the amounts received in local budget year 1982, after deducting from the decrease any amount of new or increased federal or State general purposes aid explicitly provided for the purpose of replacing the decrease in federal aid;*
or

j. *Amounts expended for the conduct of any special election required by law to be held at a time other than the time of the general election.*

No transfer of funds which is authorized by N. J. S. 40A:4-58 shall be made from an appropriation which is not subject to limitation pursuant to section 3 or 4 of P. L. 1976, c. 68 (C. 40A:4-45.3 and 40A:4-45.4) to an appropriation which is subject to such limitation.

P.L. 1981, c.56

C. 40A:4-45.4a

5. In any county wherein the freeholder board has approved an emergency increase in the county tax levy, the amount of such increase apportioned to each municipality shall not be considered in the limitation set forth in sections 2 and 3 herein, limiting the increase in municipal budgets.

P.L. 1976, c.68

C. 40A:4-45.5

C. 40A:4-45.6
(Repealed)

Notwithstanding the provisions of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), each municipality receiving aid as provided in P. L. 1978, c. 14 (C. 52:27D-178 et seq.) shall, for its budget purposes in each year, treat urban aid funds for the purpose of determining expenditure limitations and expenditures exempt from those limitations, in the manner that those funds were treated by that municipality for its budget purposes in 1980 **with the following exception. Any municipality which: (a) included a 1979 appropriation of urban aid funds within its 1980 final appropriations for the purposes of calculating its spending limitations pursuant to P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.); and, (b) expended urban aid funds as an exception to the spending limitation in its 1980 budget, shall not include appropriations of urban aid funds made in 1980 or any year thereafter in its final appropriations for the purpose of calculating its spending limitations in its 1981 or any subsequent budget.*

P.L. 1981, c.61

C. 40A:4-45.7

*Any municipality which initially receives urban aid funds in 1981 or any year thereafter may expend those funds as an exception to the spending limitations of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.) in the initial year such funds are received. In each year following that initial year, appropriations of urban aid funds shall be included in the municipality's final appropriations for the purpose of calculating its spending limitations and shall not be expended as an exception to those spending limitations.**

P.L. 1981, c.61

C. 40A:4-45.8

Notwithstanding the provisions of the act to which this act is a supplement, any municipality which received urban aid funds in 1980 and is authorized to anticipate the receipt of urban aid funds in 1981, may include its 1980 appropriation of urban aid funds within its 1981 final appropriations for the purposes of calculating its spending limitations pursuant to P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), and expend 1981 urban aid funds as an exception to the spending limitations in its 1981 budget. Thereafter, the municipality shall not include appropriations of urban aid funds made in 1981 or any year thereafter in its final appropriations for the purpose of calculating its spending limitations in its 1982 or any subsequent budget, but shall expend urban aid funds as an exception to those limitations in those budgets.

P.L. 1981, c.155
C. 40A:4-45.9

*Any additional expenditures for the collection or disposal of solid waste made by any county or municipality as a result of any fee imposed pursuant to section 9 of P. L. 1970, c. 39 (C. 13:1E-9) shall, for the purposes of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered an expenditure mandated by State law.***

P.L. 1981, c.438
C. 40A:4-45.10

Notwithstanding the provisions of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), there shall be exempted from the final appropriations of a county or a municipality subject to the spending limitations imposed by that act, that portion of any lease payment made by the county or municipality to a county improvement authority pursuant to the "county improvement authorities law," P. L. 1960, c. 183 (C. 40:37A-44 et seq.) which represents a proportionate amount necessary to amortize the debt incurred by the authority in providing the facility which is leased in whole or part by the county or municipality.

C. 40A:4-4-.11
P.L. 1981, c.460

The Legislature finds that the constraints placed upon local government by P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.) are successfully accomplishing their purpose of controlling the growth in the cost of local government.

C. 40A:4-45.12
P.L. 1983, c.49

The Legislature finds, however, that a uniform fixed percentage limitation on increases in expenditures has not adequately reflected either national economic trends or the differing needs of the various local governments of the State. As a result, local governments have been unevenly affected in their ability to provide necessary services to their residents.

The Legislature, therefore, determines that P. L. 1976, c. 68 requires adjustment to provide for an annually variable percentage limitation which more accurately reflects annual nationwide increases in the basic costs of governmental operations, to provide a mechanism whereby local officials and taxpayers can examine the particular needs of their community and determine whether or not the use of this limitation more nearly addresses those needs, and to modify several features of the law which have proven to be arbitrary or to result in unintended effects on the structure of local government.

a. In any budget year subsequent to 1982, whenever a county or municipality shall have lawfully assumed, during the immediately preceding budget year, or at any time during the current budget year prior to the final adoption of the budget, the provision of any service or function funded during the immediately preceding budget year wholly by a local public utility, a local public authority or a special purposes district, and where the provision of that service or function by the county or municipality is the result of the lawful dissolution of the public utility, public authority, or special services district previously providing the service or function, the county or municipality shall add to the final appropriations for the current budget year upon which its permissible expenditures are calculated, or upon which its permissible county tax levy is calculated, the amount certified by the Local Finance Board for appropriation by the county or municipality to fund that service or function in the current budget year.

C. 40A:4-45.13

P.L. 1983, c.49

b. In any budget year subsequent to 1982, whenever a county shall have lawfully assumed, during the immediately preceding budget year, or at any time during the current budget year prior to the final adoption of the budget, the provision of any service or function funded during the immediately preceding budget year wholly or partially by one or more municipalities within the county from appropriations in the municipal budget, the county shall add to the final appropriations for the current year upon which its permissible county tax levy is calculated the amount certified by the Local Finance Board for appropriation by the county to fund that service or function in the current budget year.

c. The Local Finance Board shall approve the assumption of any service or function for the purpose of its eligibility under the provisions of this section. The board shall approve the assumption if it finds: that the assumption was lawfully made; that the assumption does not deleteriously affect the health, safety or welfare of the residents of a county or municipality; and that the assumption represents an efficient and feasible means of providing the service or function. The board shall, in approving the assumption, certify to the county or municipality assuming the service or function the amount of appropriation to fund the service or function which shall be eligible for the provisions of this section.

Notwithstanding the provisions of section 2, 3 or 4 of P. L. 1976, c. 68 (C. 40A:4-45.2, 40A:4-45.3 and 40A:4-45.4) to the contrary, in any year for which the index rate exceeds 5%, a municipality may, by ordinance, or a county may, by ordinance or resolution, as appropriate, provide that in the local budget year to which the ordinance or resolution applies, the final appropriations of the municipality, or the tax levy of the county, shall be increased by a percentage rate, greater than 5% but not to exceed the index rate, over the previous year's final appropriations, or county tax levy, as the case may be.

P.L. 1983, c.312

C. 40A:4-45.14

The ordinance or resolution, as appropriate, shall be introduced after January 1 of the local budget year to which it applies and prior to the date provided by law for the introduction and approval of the annual budget of the municipality or county. The ordinance or resolution shall state the greater percentage rate to be adopted and the additional amount of increased final appropriations or tax levy which that greater percentage rate represents over that which the 5% rate represents, and the individual appropriations items to which the additional amount applies setting forth for each applicable appropriations item the amount to be appropriated: a. if the greater percentage rate is adopted; and b. if the greater percentage rate is not adopted. The ordinance or resolution may, thereafter, be adopted, after publication and a public hearing separately afforded upon 10 days' notice duly published, by a majority vote of the authorized membership of the governing body. Any procedures provided in a form of local government for the exercise of veto powers by a mayor or county executive with respect to ordinances generally shall pertain. An ordinance or resolution so adopted shall, notwithstanding any other provision of law, take effect immediately upon adoption.

Upon adoption of the ordinance or resolution, the permissible final appropriations of the municipality, or permissible county tax levy of the county, shall be calculated for the year as provided in section 3 or 4 of P. L. 1976, c. 68 (C. 40A:45.3 or 40A:4-45.4), except that the percentage rate so adopted shall be used. The final appropriations or county tax levy so calculated shall be used in the immediately following year for the purposes of section 2 of P. L. 1976, c. 68 (C. 40A:4-45.2).

A copy of any ordinance or resolution introduced pursuant to this section shall be filed with the Director of the Division of Local Government Services within five days of introduction, and a copy of the ordinance or resolution adopted shall be filed with the director within five days of adoption.

In any year for which an ordinance is adopted by a municipality pursuant to this section, no referendum shall be held in that municipality pursuant to subsection i. of section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3i).

No municipality adopting an ordinance pursuant to this section shall, in the year for which that ordinance is adopted, be entitled to **[the]** *an exception authorized pursuant to subsection m. of section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3), greater than the amount of exception to which it would otherwise have been entitled if there had been no increase in appropriation in that year over the preceding year.*

No county adopting an ordinance or resolution, as appropriate, pursuant to this section shall, in the year for which that ordinance or resolution is adopted, be entitled to **[the]** *an exception authorized pursuant to subsection h. of section 4 of P. L. 1976, c. 68 (C. 40A:4-45.4), greater than the amount of exception to which it would otherwise have been entitled if there had been no increase in appropriation in that year over the preceding year.*

Notwithstanding any provisions of P. L. 1976, c. 68 (40A:4-45.1 et seq.) to the contrary, a municipality or county, which, in any year subsequent to 1982 for which the index rate is greater than 5%, increases its final appropriations or county tax levy in an amount less than that permitted under the 5% percentage rate, shall be permitted to appropriate the difference between the

P.L. 1983, c. 4

C. 40A:4-45.1

amount of its actual final appropriations or county tax levy and the amount of its permitted final appropriations or county tax levy under the 5% percentage rate, as an exception to its final appropriations or county tax levy in either of the next two succeeding years. In the year immediately following the year in which the amount of difference is so appropriated, the amount of difference shall be added to the final appropriations or county tax levy of the preceding year for the purposes of section 2 of P. L. 1976, c. 68 (C. 40A:4-45.2).

In any public referendum conducted by a municipality pursuant to subsection i. of section 3 of P. L. 1976, c. 68 (C. 40A:4-45.3i.), the public question to be submitted to the voters at the referendum election shall state only the amount by which the final appropriations of the municipality shall be increased by more than the permissible level over the previous year's final appropriations if the question is approved by the voters, and the percentage rate of increase which that amount represents over the permissible rate. There shall be set forth in an accompanying explanatory statement a list of the appropriations line items to which the increased amount shall apply and such other relevant information as the governing body may wish to include therein.

A resolution adopted by a municipality to authorize the conduct of such a referendum shall set forth, in addition to the above, the amount to be appropriated for each applicable appropriations item: a. if the referendum question is approved by the voters; and b. if the referendum question is disapproved by the voters.

There is established a commission to be known as the Local Expenditure Limitations Advisory Commission. The commission shall consist of 10 members, three of whom shall be appointed by the Governor, three of whom shall be appointed by the President of the Senate, three of whom shall be appointed by the Speaker of the General Assembly, and one of whom shall be the Director of the Division of Local Government Services, who shall serve ex officio. Each member so appointed shall possess expertise in local government, local finance or economic analysis, and no member shall be a nominee for, or hold, an elective office during his period of service on the commission.

b. Members of the commission shall serve for a term of four years. Vacancies in the membership of the commission shall be filled in the same manner as the original appointment, but for the unexpired term. Members of the commission shall serve without compensation, but shall be reimbursed for traveling and other expenses incurred in the performance of their duties, within the limits of funds appropriated or otherwise made available to the commission.

c. The commission shall select from among its members a chairman and a vice chairman, and shall select a secretary, who need not be a member of the commission.

P.L. 1983, c.49

C. 40A:4-45.16

P.L. 1983, c.49

C. 40A:4-45.17

d. It shall be the duty of the commission to conduct a continuing review of the provisions of P. L. 1976, c. 68 (C. 40A: 4-45.1 et seq.), and to collect and assemble information and data on the effects of that law upon counties, municipalities and property taxpayers of this State. In the course of its review, the commission shall give particular attention: to the role which that law plays in controlling the relative balance between property taxes and other sources of local revenue; to any economic developments, and any executive or legislative or judicial actions, which may affect that relative balance or the efficacy of the law; and to any unforeseen effects of the law on the financial stability or efficiency of local governments.

e. The commission shall report annually, on or before October 1, to the Governor and the Legislature on the above matters, and shall include in that report information and data with respect to at least the following matters:

(1) The utilization by counties and municipalities of the local ordinance option and referendum option provided by the law for the purpose of permitting local governments to exceed the limitations on increases in final appropriations or county tax levies, including data for each instance of utilization, and data on current and cumulative increases in categories of appropriations items taken under each of these options:

(2) A list of instances of services or functions for which eligibility was extended under section 3 of this amendatory and supplementary act, and information and cumulative data on categories of services or functions assumed in various service or function areas, and on transfers of services or functions between types of local public entities;

(3) The utilization by counties and municipalities of the provisions of section 8 of this amendatory and supplementary act; and

(4) A statement of the index rate to apply in the next following local budget year, and any alterations which have occurred in the method of calculation of that index rate since enactment, including any recommendations for legislation to compensate for any effects of those alterations.

f. The commission shall be entitled to call to its assistance such personnel of any State agency, county, municipality or political subdivision as it may require in order to perform its duties under this act. The commission may make use of existing studies, surveys, plans, data and other materials in the possession of any State agency, or any county, municipality or political subdivision of the State. Each State agency, county, municipality and political subdivision of the State shall make any information or materials available to the commission as it may require to perform its responsibilities under this act. The commission may meet and hold hearings at such places and times as it shall designate.

*Any expenditures made by a county or municipality to restore, maintain or preserve historic cemeteries pursuant to P. L., c. (C.) (now pending before the Legislature as Assembly Bill No. 1771 of 1982) shall be excepted from the limitations contained in P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.).**

P.L. 1983, c.294

C. 40A:4-45.18

a. In the first local budget year in which a county or municipality shall commence to fund a new service or program, which it is required to provide as a result of a binding referendum initiated and approved by the voters of the county or municipality, there shall be added to the final appropriations upon which the permissible municipal expenditures are calculated, or upon which the permissible county tax levy is calculated, the amount determined by the county or municipal governing body to be necessary to fund the service or program in that local budget year.

P.L. 1983, c.312

C. 40A:4-45.19

b. Notwithstanding the provisions of any other law to the contrary, whenever, on or after the effective date of this act, a binding referendum question is required to be submitted in a county or municipality as a result of a petition initiated by the voters thereof, the approval of which by the voters would require the county or municipality to provide a new service or program, the governing body of the county or municipality shall cause to be set forth in an accompanying explanatory statement to the public question to appear on the ballot the amount of appropriations determined by the governing body to be necessary to fund the service or program in the first local budget year following approval of the question, and such other relevant information as the governing body may wish to include therein. The amount so set forth shall be the amount added to the county or municipal final appropriations pursuant to subsection a. of this section in the first local budget year in which the county or municipality shall commence to fund the service or program approved by the voters.

c. For the purposes of subsections a. and b. of this section. in determining the amount of appropriations necessary to fund the provision of a new service or program, the county or municipal governing body shall deduct an amount equal to the amount of any revenues anticipated to be derived from service fees to be imposed for the service or program in the first local budget year in which the county or municipality shall commence to fund the service or program. If in any local budget year thereafter, the county or municipality shall impose new service fees or increased service fees for the service or program, the amount of final appropriations upon which the permissible municipal expenditures are calculated, or upon which the permissible county tax levy is calculated, shall be reduced in the first full local budget year to which the new or increased service fees pertain, by the amount to be derived in that year from the new service fees or the increase in service fees.

Any expenditure made by a county or municipality to comply with the provisions of P. L. , c. (C.) (now pending before the Legislature as Senate Committee Substitute for Senate Bill No. 1670 of 1982) shall, for the purposes of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered an expenditure mandated by State law.

C. 40A:4-45.20
P.L. 1983, c.315

On and after January 1, 1983, for the purposes of sections 2 and 3 of P. L. 1976, c. 68 (C. 40A:4-45.2 and C. 40A:4-45.3), amounts derived by a municipality from new construction, housing, health or fire safety inspection fees, which are set by statute or by administrative rule of a State agency, or which are subject to control by a State agency, and amounts derived from increases in any such fees previously imposed, shall be appropriated as an exception to the limitations imposed on increases in final appropriations under section 3 of that act, and revenues derived therefrom in the previous year shall be included in the current budget year as part of the municipality's final appropriations for the previous year upon which the permissible 5% increase is computed under section 2 of that act.

C. 40A:4-45.21
P.L. 1983, c.381

Any additional expenditures for the testing of water supplies pursuant to P. L. , c. (C.) (now pending before the Legislature as Assembly Committee Substitute for Assembly Bill 280, of 1982) made by any county or municipality shall, for the purpose of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered an expenditure mandated by State law.

P.L. 1983, c.441
C. 40A:4-45.2

All grants made to counties and municipalities under the "Prevention of Homelessness Act (1984)" P. L. , c. (C.) (now pending before the Legislature as Assembly Bill No. 299 ****and Senate Bill No. 1358**** of 1984) shall be State aid and exempt from the limitations put on increases in municipal budgets and county tax levies pursuant to P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.).

C.40A:4-45.23
P.L. 1984,
c.180

1. a. Notwithstanding the provisions of section 4 of P. L. 1976, c. 68 (C. 40A:4-45.4) to the contrary, a county which incurs increased costs due to an increase in the number of beds provided and occupied in county nursing homes may expend funds as may be necessary to ***[defer]** ***defray*** those costs as an exception to the spending limitations imposed by P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.) in the year in which such costs are first realized.

C.40A:4-45.24
P.L. 1984,
c.227

(applies to
1984 local
budget year
and there-
after)

b. Notwithstanding the provisions of section 2 of P. L. 1976, c. 68 (C. 40A:4-45.2) to the contrary, in the year following the year in which an exception is taken pursuant to subsection a. of this section, the amount excepted in that year minus any ***[increase in the]** amount received in that year from federal, State or other sources as reimbursement for expenses incurred for the care and treatment of residents of county nursing homes, shall be added by the county to its final appropriations for the current year for the purpose of calculating its permissible increase in the county tax levy for the current budget year.

32. a. All major hazardous waste facilities shall, for the purposes of local property taxation, be assessed and taxed in the same manner as other real property.

P.L. 1981,
c.279
C.13:1E-80

In the event that a major hazardous waste facility is constructed or operated on a site which is exempt from local property taxation by virtue of the ownership thereof by any public agency, the owner or operator of the facility shall, the provisions of any law, rule, regulation, ordinance, resolution or contract to the contrary notwithstanding, annually pay to the affected municipality a sum equal to the amount which would annually be due if the land on which the facility is located and any improvements thereto were assessed and taxed as real property subject to local property taxation. Such payments shall be made to the chief fiscal officer of the affected municipality by December 31 of each year.

b. Subsequent to the effective date of this act, the owner or operator of every major hazardous waste facility shall, on or be-

fore January 25 of each year, file with the chief fiscal officer of the municipality wherein the facility is located a statement, verified by oath, showing the gross receipts from all charges imposed during the preceding calendar year upon any person for the treatment, storage or disposal of hazardous waste at the facility, and shall at the same time pay to the chief fiscal officer a sum equal to 5% of those receipts.

c. All moneys received by any municipality pursuant to this section shall be appropriated and utilized for the following purposes:

(1) Extra police or fire costs, whether for salaries, equipment, or administrative expenses, which were necessitated by the operations of the major hazardous waste facility;

(2) Any local inspection program costs incurred by the local board of health or the county health department, as the case may be, provided that the program is performed pursuant to the provisions of this act and any rule or regulation promulgated pursuant thereto;

(3) Road construction or repair costs necessitated by the transportation of hazardous waste through the municipality to the major hazardous waste facility; and

(4) Other expenses directly related to the impact of the major hazardous waste facility on the municipality.

Any appropriation made for an expenditure covered under this subsection shall, for the purposes of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered as an expenditure mandated by State law.

d. Any municipality in which a major hazardous waste facility is located may petition the commission for approval to collect an amount in excess of the amount prescribed in subsection b. of this section. The commission, after affording the affected owner or operator with notice of such petition and an opportunity to be heard thereon, may grant the petition, but only if the commission is satisfied that such grant is warranted by the expenses imposed upon the municipality as a result of the operation of the major hazardous waste facility.

e. The commission may, upon the petition of the affected owner or operator or upon its own motion, direct that the amount to be paid pursuant to subsection b. of this section be reduced to a lower percentage if, after affording the affected municipality notice of such petition or commission intent to decrease such amount and an opportunity to be heard thereon, the commission finds that such

lower amount is sufficient to cover the expenses imposed upon the municipality as a result of the operation of the major hazardous waste facility.

f. Any commission action taken pursuant to subsection d. or e. of this section shall be considered to be final agency action thereon for the purposes of the "Administrative Procedure Act," P. L. 1968, c. 410 (C. 52:14B-1 et seq.), and shall be subject only to judicial review as provided in the Rules of Court.

Any additional expenditures for the collection or disposal of solid waste made by any county or municipality as a result of the tax imposed pursuant to this supplementary act and any expenditure of revenues received by a municipality pursuant to section 5 hereof shall, for the purposes of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered an expenditure mandated by State law.

P.L. 1981,
c.278
C.13:1E-99
("Recycling
Act")

Any additional expenditures for the collection or disposal of solid waste made by any county or municipality as a result of the tax imposed pursuant to this supplementary act shall, for the purposes of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered an expenditure mandated by State law.

P.L. 1981,
c.306
C.13:1E-113

Any additional expenditures or incremental costs necessary and reasonably incurred by any municipality for the disposal of solid waste as a **direct** result of the implementation of this act requiring the installation and use of scales to determine the weight of all vehicles disposing of solid waste at **[a new sanitary landfill or resource recovery facility]** **solid waste facilities required to install scales pursuant to this act** shall, for the purposes of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered expenditures mandated by State law.

P.L. 1983,
c.93
C.13:1E-121
("Sanitary
Landfill
Facility
Closure and
Contingency
Fund Act")

The provisions of any law to the contrary notwithstanding, any expenditures required to meet the standards established by this act shall be exempt ***from any expenditure or appropriation increase limitation imposed under any law***.

P.L. 1983,
c.516
C.34:6A-46
("New Jersey
Public Em-
ployees
Occupational
Safety and
Health Act")

Any expenditures necessary to comply with an order or permit issued by the department for construction, improvement, repair or rehabilitation of public water supply systems shall, for the purposes of P. L. 1976, c. 68 (C. 40A:4-45.1 et seq.), be considered as expenditures mandated by State law.

P.L. 1981,
c.262 C.58:
1A-10 ("Water
Supply Manage-
ment Act")



State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
BANKING, INSURANCE AND PUBLIC SECURITIES SECTION
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DEPUTY ATTORNEY GENERAL
SECTION CHIEF

January 10, 1984

Gerome R. White
Deputy Commissioner
Department of Community Affairs
363 West State Street
Trenton, New Jersey 08625

Re: M83-5674

Dear Mr. White:

You have requested advice as to the proper construction of N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g) of the Local Government Cap Law. More specifically, you have requested advice as to the proper construction of the language in these provisions which provides for the exclusion from the spending limitations imposed upon municipalities and counties under the Law of "amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures." You have also inquired as to the proper method for computing the amounts which such local units may exclude from their spending limitations on the basis of these provisions and as to what sources of funding were intended to be included within the term "other funds" as that term is used in N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g). For the reasons set forth herein, you are advised that N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g) are intended to exclude from the statute's limitation on increases in municipal appropriations and county tax levies those expenditures of Federal and State aid dollars made by municipalities and counties, those expenditures for which such local units are entitled to receive reimbursement from Federal, State or other funds, and those expenditures made by such local units for the purpose of providing matching funds in order to secure available Federal or State aid money or to obtain reimbursement from Federal, State or other funds. You are further advised that the amounts authorized to be excluded from such spending

limitations by virtue of these provisions are to be computed in accordance with the provisions of N.J.S.A. 40A:4-25 and N.J.S.A. 40A:4-26. Finally, you are advised that the term "other funds", as utilized in N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g), is intended to encompass funding sources such as payments made pursuant to 42 U.S.C.A. § 1395 et seq. for Medicare benefits, payments made pursuant to 42 U.S.C.A. § 1396 et seq. for Medicaid benefits and payments made by private health insurers such as Blue Cross.

The proper construction of N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g) has already been addressed in the Attorney General's Formal Opinion No. 4-1982. A copy of this Opinion is attached hereto. Formal Opinion No. 4-1982 concluded that N.J.S.A. 40A:4-45.3(1) was intended to exclude from the statutory limitation on increases in municipal appropriations expenditures made by municipalities of Federal and State aid dollars, expenditures made by municipalities pursuant to statutory formulas for the purpose of providing matching funds for available Federal and State aid dollars, and expenditures made by municipalities for which they were entitled to receive reimbursement from Federal, State and other funds. Formal Opinion No. 4-1982 further concluded that, in light of the Legislature's intent to provide counties with an exemption from the limitation on increases in county tax levies similar to the exemption which existed for municipalities under N.J.S.A. 40A:4-45.3(1), N.J.S.A. 40A:4-45.4(g) was intended to exclude from the statutory limitation on increases in county tax levies expenditures made by counties of Federal or State aid dollars, expenditures made by counties for which they were entitled to receive reimbursement from Federal, State or other funds and expenditures made by counties under statutory formulas for the purpose of providing matching funds for available Federal or State aid monies. Id. at page 5. Formal Opinion No. 4-1982 further noted, however, that a municipality or county would not be authorized under N.J.S.A. 40A:4-45.3 (1) and N.J.S.A. 40A:4-45.4(g) to exclude from its spending limitation those amounts which it might expend for the support of federally or state funded programs where the monies expended were not either Federal or State aid dollars, were not reimbursable from Federal, State or other funds or were not expended to match Federal or State funds the receipt of which was conditioned upon the expenditure by the local unit of matching funds in accordance with a matching formula set forth in a Federal or State statute. Id. at page 5 and 6.

With specific regard to expenditures for which a local unit would receive reimbursement from Federal, State or other funds, N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.3(g) consequently authorizes local units to exclude from their budget caps an amount or amounts equal to the funds which they would receive in reimbursement for such expenditures as well as such amounts of their own funds as they were required to expend pursuant to statu-

tory matching formulas to obtain such reimbursement. Consistent with Formal Opinion No. 4-1982, however, such units would not be authorized to exclude from their spending limitations any amounts of local funds which they might expend for programs supported in part by reimbursement from Federal, State or other funds where the expenditure of such local funds was not made to meet certain statutory matching requirements such as those set forth in N.J.S.A. 44:10-5 for the receipt of Federal aid to provide assistance to families with dependent children. For example, a local unit could exclude from its budget cap those amounts which it anticipates receiving in reimbursement for expenditures it incurs under the Medicare or Medicaid programs. 42 U.S.C.A. § 1395 et seq.; 42 U.S.C.A. § 1396. It may not, however, exclude from its cap other expenditures which it may incur in the provision of health services under these programs since the receipt of reimbursement under the Medicare and Medicaid programs is not conditioned upon the appropriation of matching funds in accordance with a statutory formula but rather upon rates established by the Department of Human Services on the basis of the costs for providing such services which costs are within the control of the local unit. Accordingly, under N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4 (g), local units would be authorized to exclude from their spending limitations under the Local Government Cap Law any expenditures for which such units are entitled to receive reimbursement from Federal, State or other funds as well as any expenditures made pursuant to statutory matching formulas to provide the funds necessary to obtain available Federal or State reimbursement. Such units would not, however, be authorized to exclude from such spending limitations expenditures of local funds which were not required to be made by statutory matching formulas as a condition for the receipt of such reimbursement.

Turning to the question of the appropriate manner in which to compute the amounts which local units may exclude from their spending limitations on the basis of the specific language in N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g) in question, such amounts are to be calculated in accordance with the provisions set forth in the Local Budget Law concerning the anticipation of revenues by such local units, N.J.S.A. 40A:4-25 and N.J.S.A. 40A:4-26, as well as the decision of the Supreme Court in Morris Ctv. v. Skokowski, 86 N.J. 419 (1981). N.J.S.A. 40A:4-25 provides that a local unit may include as an anticipated revenue in its budget such amounts as it may reasonably expect to realize in cash during the fiscal year from known and regular sources or from sources reasonably capable of anticipation. N.J.S.A. 40A:4-26 prohibits a local unit from anticipating as a revenue in its budget any revenue in its budget in excess of the amount actually realized by the local unit in cash from the same funding source during the preceding fiscal year unless the Director of the Division of Local Government Services shall determine, upon application of the

governing body of the local unit, that the facts clearly warrant the expectation that an excess amount will actually be realized in cash during the fiscal year. By the same token, the decision in Morris Cty. v. Skokowski, supra, provides that, under N.J.S.A. 40A:4-25, the Director can properly require a local unit to anticipate less revenue than it had received from a specific revenue source in the previous fiscal year where circumstances warrant the conclusion that the local unit cannot reasonably expect to realize the same amount of revenue from that source during the coming fiscal year. Accordingly, the calculation of the amounts which a local unit may exclude from its spending limitation by virtue of the language contained in N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g) with regard to "amounts received or to be received from federal, state or other funds in reimbursement for local expenditures" is to be undertaken on the basis of the amounts received from such sources in reimbursement for expenditures in the local unit's preceding fiscal year unless the circumstances warrant the anticipation of a higher or lower level of reimbursement from such sources in the coming fiscal year.


As for your inquiry as to the proper construction of the term "other funds" as used in N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g), it is appropriate to make reference to the legislative history of L. 1981, c. 56, the enactment which inserted this term in the provisions in question. State v. Madden, 61 N.J. 377 (1972); Bass v. Allen Home Improvement, 8 N.J. 219 (1951). In examining the legislative history of this enactment, specific reference may be made to the statements attached to the bill which was enacted as L. 1981, c. 56 and to the reports of any special committees or commissions appointed to study and suggest legislation in the specific area. Brewer v. Porch, 53 N.J. 167, 174 (1969); Bass v. Allen Home Improvement, supra; Shapiro v. Essex Cty. Freeholders Bd., 177 N.J. Super. 87, 93 (Law Div. 1980), aff'd. 183 N.J. Super. 24 (App. Div. 1982). The Senate County and Municipal Government Committee Statement regarding Senate Bill No. 734, which was enacted as L. 1981, c. 56, indicates that the bill was intended, among other things, to exempt expenditures funded wholly or in part by Federal or State funds or for which reimbursement was provided by Federal, State or other funds as such exemption was being interpreted pursuant to Attorney General's Formal Opinion No. 3-1977 and in a manner consistent with the recommendations of the Joint Committee on Tax Policy. The Joint Committee on Tax Policy was established by Senate Concurrent Resolution No. 64 of 1978 to study and evaluate the "Tax Reform Program of 1976" including the Local Government Cap Law. The report of the Joint Committee issued in June, 1979 recommended that certain specific types of reimbursement programs, such as Medicare, Medicaid, Blue Cross and private health insurance, should be treated, for purposes of the Local Government Cap Law, in the same manner as Federal and State aid programs. The Report noted that the receipt of reimburse-

ment under these types of programs is virtually assured and that such reimbursement should be treated in the same manner as were Federal and State aid under the construction given to the Law in Formal Opinion No. 3-1977. Accordingly, upon consideration of the legislative history of L. 1981, c. 56, it is apparent that the term "other funds" was intended to cover such funding sources as the Medicare program, the Medicaid program, Blue Cross and private health insurers which provide reimbursement to local units for expenditures which such units incur on a regular and certain basis.

In conclusion, for the reasons set forth herein, you are advised that the language of N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g) which provides for the exclusion of "amounts received or to be received from Federal, State or other funds in reimbursement for local expenditures" from the spending limitations imposed upon local units by the Local Government Cap Law is intended to encompass expenditures made by such local units for which they are entitled to receive reimbursement from Federal, State or other funds. You are advised that, under these provisions, a local unit may also exclude from its budget cap those amounts which it expends pursuant to statutory matching formulas for the purpose of providing matching funds to receive such reimbursement but that it may not exclude expenditures of local funds made to support programs which are supported by such reimbursement where the local funds are not expended for the purpose of providing matching funds under a statutory formula. You are further advised that the amounts authorized to be excluded from such spending limitations by virtue of these provisions are to be computed in accordance with the provisions of N.J.S.A. 40A:4-25 and N.J.S.A. 40A:4-26 and the decision of the Supreme Court in Morris Cty. v. Skokowski, supra. Finally, you are advised that the term "other funds", as utilized in N.J.S.A. 40A:4-45.3(1) and N.J.S.A. 40A:4-45.4(g), is intended to encompass funding sources such as payments made pursuant to 42 U.S.C.A. § 1396 et seq. for Medicaid benefits and payments made by private health insurers such as Blue Cross.

Very truly yours,

IRWIN I. KIMMELMAN
Attorney General of New Jersey

By: 
Daniel P. Reynolds
Deputy Attorney General

DPR:tc
Attachment

STATE OF NEW JERSEY
DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW

MEMORANDUM

DATE: February 22, 1984

TO: Barry Skokowski, Director
Division of Local Government Services

FROM: Daniel P. Reynolds
Deputy Attorney General

SUBJECT: Application of the Provisions of N.J.S.A. 40A:4-45.4(g)
to the 1984 Budget of Middlesex County

I am forwarding this memorandum pursuant to the discussions which took place during the recent meeting in your office with certain representatives of Middlesex County concerning the application of N.J.S.A. 40A:4-45.4(g) to the County's 1984 budget and, more specifically, the advisory opinion which was recently rendered to the Division of Local Government Services by this office concerning the construction of that statute. As you will recall, the County's representatives at the meeting expressed certain differences with regard to the analysis and the conclusions set forth in the advisory opinion in question and inquired as to whether this office might reconsider the advice contained therein.

This memorandum is intended to confirm advice which I have previously provided to Joseph Scrivo of the Division's staff concerning this matter subsequent to the aforementioned meeting. As I indicated to Mr. Scrivo, upon consideration of the position expressed by the County's representatives at the meeting, it is the view of this office that the advice contained in the aforementioned opinion is correct and that Middlesex County, as well as all other counties, are required to abide by the conclusions set forth therein.

As you will recall, there was also discussion at the meeting as to whether Middlesex County, and any other county similarly situated, should be permitted, in the preparation of its 1984 budget, to make an adjustment in its cap base to offset the downward adjustment in the County's cap base which was required when the County was initially permitted to exclude certain appropriations it made for the support of its county hospital from its budget cap subsequent to the enactment of N.J.S.A. 40A:4-45.4(g) in 1984. As I indicated to Mr. Scrivo subsequent to the meeting, this office believes that such an adjustment would be appropriate and warranted in order that Middlesex County, and any other county

similarly situated, be placed in the same position in 1984 they would have been had they not been required to make a downward adjustment in the cap base when they incorrectly excluded certain costs under N.J.S.A. 40A:4-45.4(g). The upward adjustment of the County's cap base could properly be undertaken by computing the amount of the downward adjustment which it was previously required to make after the enactment of N.J.S.A. 40A:4-45.4(g) together with the amount by which its cap base would have increased, subsequent to this downward adjustment, by virtue of the annual 5 percent increase which would have occurred in the County's cap base since the year of the downward adjustment had not this downward adjustment been made. Mr. Scrivo has indicated that he would advise me as to the results of such a computation with regard to Middlesex County.

In addition to providing the above advice to Mr. Scrivo by telephone, I have also forwarded a letter to John Hoagland, Esq., County Counsel for Middlesex County, in which I advised him of the position of this office with regard to the matters discussed during the meeting in your office. A copy of this letter is attached hereto for your information. Should you or any other member of the Division's staff have any further questions with regard to this area, please feel free to contact me at your convenience.

D. P. R.
D. P. R.

tc

cc: Anthony Angelini
Joseph Scrivo



MAY 21 1984

P 4: 05

State of New Jersey

IRWIN I. KIMMELMAN
ATTORNEY GENERAL

MICHAEL R. COLE
FIRST ASSISTANT ATTORNEY GENERAL
DIRECTOR

DEPARTMENT OF LAW AND PUBLIC SAFETY
DIVISION OF LAW
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SHERRIE GIBBLE
DEPUTY ATTORNEY GENERAL
ASSISTANT SECTION CHIEF

Tel. 292-8564

May 23, 1984

Barry Skokowski, Director
Division of Local Government Services
Department of Community Affairs
363 West State Street
Trenton, New Jersey 08625

Dear Mr. Skokowski:

You have requested advice as to whether a municipality, upon the disapproval of a referendum conducted under the Local Government Cap Law, is required to strictly conform its appropriations for that year to the specific line item expenditures set forth in its resolution authorizing such a referendum. N.J.S.A. 40A:4-45.1 et seq.; see specifically L. 1983, c. 49, §9, N.J.S.A. 40A:4-45.16. For the reasons set forth herein, you are advised that the procedural requirements of the Cap Law relating to referenda are designed to more fully inform the voters as to the question before them and not to limit the discretion of the municipality under the Local Budget Law in finally formulating its budget if the referendum is rejected.

In enacting the Local Government Cap Law in 1976, L. 1976, c. 68, the Legislature provided that a municipality would be authorized to make appropriations in excess of the spending limitation set forth in the law "[w]hen approved by referendum." N.J.S.A. 40A:4-45.3(i). L. 1976, c. 68, did not, however, prescribe the manner in which such referenda were to be conducted or presented to the voters. Subsequently, in 1979, and again in 1983, the Legislature amended the Cap Law to more specifically detail the procedures for conducting such referenda. L. 1979, c. 268; L. 1983, c. 49. Thus, in the 1979 amendments, the last Tuesday in February was established as the day on which all referenda are to be held. N.J.S.A. 40A:4-45.3a. Also, the municipal budget to be considered by the electorate is required to be introduced and approved at least 20 days prior to a referendum and, after approval, is to be published at least 12 days prior to the referendum.

date. N.J.S.A. 40A:4-45.3a. The evident intent of these requirements is to afford the residents of the municipality ample opportunity to examine the budget before they vote on the expenditure of additional monies above the Cap Law limitation.

In 1983, the Legislature provided that the public question to be submitted to the voters at a referendum is to state only the amount and percentage rate by which the proposed budget increase exceeds the 5% limit on annual increases established by N.J.S.A. 40A:4-45.2. L. 1983, c. 49; N.J.S.A. 40A:4-45.16. In addition, the municipality is required to prepare "an accompanying explanatory statement setting forth a list of the specific appropriations line items to which the increased amount shall apply" and including such other relevant information as the governing body might wish to provide. L. 1983, c. 49; N.J.S.A. 40A:4-45.16. Moreover, the Legislature directed that a resolution adopted to authorize a referendum is also to include the amount to be appropriated for each applicable item if the referendum question were to be approved and, alternatively, the amount for each item if the referendum were disapproved. L. 1983, c. 49; N.J.S.A. 40A:4-45.16. Thus, in the 1983 amendments, the Legislature clearly sought to ensure that the voters in a municipality would be more fully informed as to the potential consequences of the referendum on the amount to be expended by the municipality in the coming fiscal year.

In seeking advice as to the consequences upon the disapproval of such referenda, you have indicated that a number of municipalities wish to make line item appropriations which would differ from the amounts set forth in their enabling resolutions. By way of specific example, you have informed us that one such municipal resolution provided that the entire amount of any increase approved by referendum would be appropriated for police protection. However, upon disapproval of the referendum, the municipality nevertheless intends to appropriate the same amount for police protection as it would have if the referendum had been approved by reducing its appropriations for other municipal purposes in its budget.

Referenda under the Local Government Cap Law are undertaken as part of the overall procedures for the adoption of municipal budgets pursuant to the Local Budget Law, N.J.S.A. 40A:4-1 et seq. Under that law, the governing body of a municipality is vested with the responsibility for determining the amounts to be appropriated for the various municipal purposes in its annual budget. The law requires that the governing body prepare and introduce its budget by February 10 of the fiscal year, N.J.S.A. 40A:4-5, and that it thereafter conduct a public hearing with regard to the budget not less than 28 days after the budget's introduction. N.J.S.A. 40A:4-6 and 7. The law also requires that, at least 10 days prior to the public hearing, the governing body cause the budget to be advertised. N.J.S.A. 40A:4-6. Further, at

the time of the public hearing, any taxpayer or other person having an interest in the budget is to be given an opportunity to present comments and objections concerning its contents. N.J.S.A. 40A:4-7. The Law also authorizes the governing body to amend the budget prior to the public hearing when required to do so by the Director of the Division of Local Government Services, N.J.S.A. 40A:4-9(a), and during or after the hearing when the governing body deems it appropriate to do so. N.J.S.A. 40A:4-9(b). Further, while providing for the Director's review and approval of each such budget to ensure that the budget complies with requirements of law, N.J.S.A. 40A:4-78 specifically states that the Director may not substitute his discretion for that of the governing body with respect to the amount of any appropriation when such amount is not made mandatory by law. After this process has been completed and the Director has certified his approval, the governing body may proceed to adopt the budget. N.J.S.A. 40A:4-10.

The time frames set forth in the Local Budget Law for the introduction, advertisement, discussion and approval of municipal budgets and in the Local Government Cap Law for the conduct of referenda regarding such budgets are clearly designed to run concurrently. Thus, the introduction of a municipal budget for the purposes of both N.J.S.A. 40A:4-5 and N.J.S.A. 40A:4-45.3a, and the adoption of a resolution authorizing a referendum under the Local Government Cap Law, would occur at the same time. Moreover, advertisement of the budget under N.J.S.A. 40A:4-6 for purposes of both the public hearing and a Cap Law referendum would similarly occur at the same time (such advertisement would precede the public hearing by at least 10 days and any referendum by at least 12 days). The Director's review and approval of a municipal budget under the Local Budget Law could not, of course, occur until after its introduction, N.J.S.A. 40A:4-5, and any amendments he might require under N.J.S.A. 40A:4-9(a) accordingly could not be made until after such introduction and review. Further, any amendment made to the budget under N.J.S.A. 40A:4-9(b) in light of objections and comments made during the public hearing pursuant to N.J.S.A. 40A:4-8 would only be made after the budget had been introduced and advertised and the referendum resolution adopted.

The provisions of the Local Budget Law and the Local Government Cap Law regarding the adoption of municipal budgets must be construed together to give full force and effect to every word, sentence and paragraph. Bomse v. Mullin, 183 N.J. Super. 431 (App. Div. 1982); Cobb v. Waddington, 154 N.J. Super. 11 (App. Div. 1977). To conclude that the information in a resolution adopted to authorize a Cap Law referendum would strictly bind a governing body in the final formulation of its budget should the referendum be disapproved would render ineffective those provisions of the Local Budget Law providing for public hearings and for amendments at the Director's direction. It is clear that, under the budget process described above, the Legislature intended that the elected representatives of the municipality would, through the proper exercise

of their discretion and with the participation of the taxpayers of the municipality, determine the amounts to be appropriated for various municipal purposes where such amounts are not made mandatory because of requirements of law. While the provision for referenda under the Local Government Cap Law was intended to provide an additional means through which a municipality's voters could participate in determining the manner in which the municipality's budget would be prepared for the coming fiscal year, the specific provisions of L. 1983, c. 49 prescribing the contents of resolutions adopted to authorize such referenda were not intended to supersede or replace the already established procedures set forth in Local Budget Law for the preparation, discussion, amendment and adoption of such a budget. In requiring specific information as to the amounts which would be appropriated in the event such a referendum was approved or disapproved, the Legislature could not have intended to subvert the public hearing process by precluding the governing body from subsequently amending the budget in response to objections or comments from the community. Nor could it have intended to render a governing body incapable of complying with directions issued by the Director pursuant to N.J.S.A. to 40A:4-9(a).^{*} A contrary conclusion would not only prevent a governing body from complying with lawful directions of the Director but also would undermine, to a large extent, the participation which the Legislature intended to provide to taxpayers and other persons with regard to the preparation of the budget at the time of the public hearing.

As for the Division's concern regarding those instances in which a governing body might adopt a resolution or prepare an explanatory statement with regard to a referendum in a misleading fashion, appropriate legal remedies exist to address such improper conduct.^{**} In Gormley v. Lan, 88 N.J. 26 (1981), the Supreme Court held that a public body can be enjoined from disseminating inaccurate, misleading or biased information with regard to a public referendum it intends to conduct. See also Guernsey v. Allan, 63 N.J. Super. 270, 275 (App. Div. 1960); Young v. Byrne, 144 N.J.

^{*} Had the Legislature intended to restrict governing bodies to the amounts of the line item appropriations set forth in such resolutions upon defeat of such referenda, it could "have said so in so many words." Tung-Sol Electric v. Bd. of Review, 34 N.J. Super. 349, 353 (App. Div. 1955).

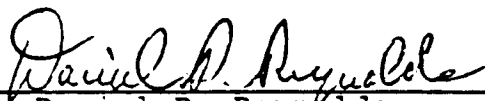
^{**} Such conduct would include, for example, circumstances in which a governing body knowingly indicated in its resolution or explanatory statement that it would, if the referendum were defeated, appropriate less for a particular appropriation line item than it was legally obligated to pay under a contract with a vendor or than it had already expended under its temporary budget for a particular municipal purpose.

Super. 10, 19 (Law Div. 1976). Further, under the powers vested in the Director pursuant to N.J.S.A. 52:27BB-48 and 50, the Director may issue orders and directions where necessary or appropriate to correct irregularities in the conduct of a municipality's financial affairs or to require compliance with the statutes and regulations the Division is empowered to enforce. Moreover, the members of a governing body who are charged with the statutory responsibility for conducting a Cap Law referendum, and for adopting a resolution and issuing an explanatory statement in connection therewith, and who, in the performance of these responsibilities, knowingly and fraudulently disseminate inaccurate or untruthful information with regard to such a referendum may be subject to criminal prosecution. N.J.S.A. 19:34-48. Finally, in addition to these legal remedies, members of any governing body who mislead the municipality's taxpayers with regard to the consequences of a cap law referendum are ultimately accountable to the taxpayers at the polls.

In conclusion, for the reasons set forth above, you are advised that the procedural requirements of the Local Government Cap Law regarding the information to be set forth in a resolution authorizing a referendum under that law are designed to more fully inform the voters as to the question before them and not to limit the discretion of the governing body in finally formulating its budget if the referendum is rejected.

Very truly yours,

IRWIN I. KIMMELMAN
Attorney General of New Jersey

By: 
Daniel P. Reynolds
Deputy Attorney General

DPR:mlb

APPENDIX III

Table 1

LOCAL UNITS UTILIZING "INDEX RATE" ORDINANCE FOR
1983 BUDGETS PER CHAPTER 49, P.L. 1983*

MAXIMUM RATE 1983 - 7.5%

<u>COUNTIES</u>	<u>INDEX RATE UTILIZED</u>	<u>AMOUNT EXCEEDING 5% CAP</u>
Cape May County	7.481	\$ 321,291.37
Cumberland County	7.5	216,240.91
Gloucester County	7.5	272,799.69
Middlesex County	6.91	689,865.00
Ocean County	7.5	648,343.90
Somerset County	7.5	455,511.00
Warren County	7.5	174,529.43

MUNICIPALITIES

61% (18) Atlantic County (11)

Absecon City	7.5	41,661.98
Buena Borough	7.48	14,918.43
Egg Harbor City	7.5	22,761.23
Folsom Borough	7.5	6,926.69
Hammonton Town	7.5	43,437.00
Longport Borough	7.5	24,808.73
Margate City	7.5	87,548.87
Mullica Township	7.5	16,271.95
Northfield City	7.498	46,220.37
Somers Point City	7.5	46,934.52
Ventnor City	7.5	98,646.65

47% (68) Bergen County (32)

Bogota Borough	7.5	40,324.52
Cliffside Park Borough	7.5	99,839.72
Cresskill Borough	7.5	57,388.50
Demarest Borough	7.5	27,319.71
East Rutherford Borough	7.5	69,650.44
Edgewater Borough	7.5	78,269.91
Elmwood Park Borough	7.5	73,008.50
Fairview Borough	7.5	53,102.15

* Source: Division of Local Government Services

Bergen County (Continued)

Glen Rock Borough	7.5	\$ 75,766.03
Hackensack City	7.5	325,601.08
Hasbrouck Heights Borough	7.5	68,006.08
Haworth Borough	7.5	25,670.77
Lodi Borough	7.5	98,107.04
Lyndhurst Township	7.28	92,058.39
Mahwah Township	7.5	100,538.12
Maywood Borough	7.5	58,502.50
Midland Park Borough	7.5	32,712.00
Moonachie Borough	7.5	28,412.08
North Arlington Borough	7.5	30,392.80
Northvale Borough	7.5	30,277.27
Norwood Borough	7.5	25,120.43
Oakland Borough	7.16	64,151.87
Palisades Park Borough	7.5	65,071.74
Paramus Borough	7.5	216,153.24
Ridgefield Park Village	7.5	71,634.77
Ridgewood Village	7.5	190,008.22
Rockleigh Borough	7.5	5,875.13
Saddle Brook Township	7.5	66,258.85
Tenafly Borough	7.5	118,131.22
Teterboro Borough	7.5	22,334.00
Upper Saddle River Borough	7.5	41,321.28
Wallington Borough	7.0	27,377.16
		(2,278,387.52)

55% (27) Burlington County (15)

Beverly City	7.5	9,660.00
Bordentown City	7.5	20,378.40
Bordentown Township	7.5	32,437.38
Delanco Township	7.5	16,913.00
Hainesport Township	7.5	13,587.50
Moorestown Township	7.5	102,308.06
Mount Holly Township	7.5	45,416.00
Mount Laurel Township	7.5	80,929.74
Palmyra Borough	7.5	29,146.73
Pemberton Township	7.5	82,973.63
Riverside Township	7.4	26,169.00

Burlington County (Continued)

Riverton Borough	7.5	\$ 13,415.21
Westampton Township	7.35	21,112.41
Willingboro Township	7.5	142,634.62
Wrightstown Borough	7.5	4,744.85
		(641,826.53)

61%(36)Camden County (22)

Audubon Park Borough	7.5	3,508.61
Barrington Borough	7.144	27,730.04
Berlin Borough	7.5	23,340.00
Berlin Township	7.5	25,186.32
Cherry Hill Township	7.5	258,865.91
Clementon Borough	7.5	18,087.98
Collingswood Borough	7.5	53,322.53
Gibbsboro Borough	7.5	9,723.63
Gloucester City	7.5	69,821.94
Haddon Township	7.5	44,359.94
Haddon Heights Borough	7.5	35,258.61
Laurel Springs Borough	7.5	8,870.47
Lawnside Borough	7.5	15,180.29
Magnolia Borough	7.49	15,748.02
Merchantville Bor	7.5	23,170.72
Mount Ephraim Borough	7.5	18,679.01
Oaklyn Borough	7.5	16,624.31
Pennsauken Township	7.5	168,016.40
Pine Hill Borough	7.5	29,634.56
Somerdale Borough	7.5	16,659.75
Stratford Borough	7.5	20,341.05
Waterford Township	7.5	32,819.11
		(934,949.20)

43%(14)Cape May County (6)

Cape May Point Borough	7.5	5,440.38
Lower Township	7.471	63,758.83
North Wildwood City	7.5	90,183.92
West Cape May Borough	7.5	4,276.00
West Wildwood Borough	7.5	6,753.60
Wildwood Crest Borough	7.494	68,690.67
		(239,103.40)

33% (6) Cumberland County (2)

Millville City	7.5	\$ 110,947.50
Vineland City	6.40	129,858.16
		(240,805.66)

36% (22) Essex County (8)

Bloomfield Township	6.945	246,847.15
Fairfield Township	7.5	67,765.42
East Orange City	7.5	636,461.74
Irvington Town	5.93	130,068.00
Maplewood Township	7.5	155,202.00
Millburn Township	7.22	253,933.09
South Orange Village	7.5	157,893.75
West Orange Township	7.5	317,619.25
		(1,965,790.40)

50% (20) Gloucester City (10)

Franklin Township	7.5	40,990.00
Greenwich Township	7.5	43,523.00
Mantua Township	7.5	30,270.28
Pitman Borough	7.5	34,957.13
Swedesboro Borough	7.5	8,407.18
Washington Township	7.5	83,148.21
Wenonah Borough	7.5	10,062.76
Westville Borough	7.5	21,716.55
Woodbury City	7.5	53,533.51
Woodbury Heights Borough	7.5	11,115.63
		(337,724.25)

40% (10) Hudson County (4)

Bayonne City	7.5	517,208.78
Guttenberg Town	7.5	37,693.63
Hoboken City	7.5	289,587.75
Union City	7.5	351,925.36
West New York Town	7.5	274,740.23
		(1,181,568.00)

31%(16)Hunterdon County (5)

Bloomsbury Borough	7.5	\$ 2,991.75
Frenchtown Borough	7.5	6,889.11
Raritan Township	7.5	47,188.99
Readington Township	7.5	46,608.62
Stockton Borough	7.14	1,938.77
		(105,617.24)

42%(12)Mercer County (5)

East Windsor Township	7.5	88,599.15
Ewing Township	7.5	132,163.89
Pennington Borough	7.5	10,697.26
Princeton Borough	7.5	92,246.40
Princeton Township	7.5	95,907.29
		(419,613.99)

45%(20)Middlesex County (9)

Carteret Borough	7.5	125,078.24
Dunellen Borough	7.5	28,112.01
Highland Park Borough	7.5	65,654.00
Metuchen Borough	7.5	80,565.77
Middlesex Borough	7.5	71,071.13
Milltown Borough	7.5	26,679.00
Monroe Township	7.5	68,530.35
New Brunswick City	7.5	321,809.39
Piscataway Township	7.5	196,249.15
		(983,749.04)

43%(48)Monmouth County (21)

Aberdeen Township	7.5	67,532.60
Belmar Borough	7.5	81,509.70
Eatontown Borough	7.5	76,192.10
Englishtown Borough	7.5	4,456.92
Fair Haven Borough	7.5	27,051.60
Freehold Borough	7.5	62,026.30
Highlands Borough	7.5	24,346.70
Howell Township	7.5	113,348.00
Interlaken Borough	7.5	8,890.00

Monmouth County (Continued)

Keyport Borough	7.5	\$ 34,302.01
Little Silver Borough	7.5	32,579.79
Middletown Township	7.5	250,692.73
Neptune Township	7.5	135,795.49
Oceanport Borough	7.18	26,558.10
Red Bank Borough	7.5	79,641.64
Roosevelt Borough	7.5	3,314.97
Rumson Borough	5.61	11,636.52
Shrewsbury Borough	7.5	24,243.22
Spring Lake Borough	7.5	45,129.31
Tinton Falls Borough	7.5	51,779.20
Wall Township	7.5	102,052.34
		(1,263,079.24)

38%(39)Morris County (15)

Boonton Township	7.5	13,806.96
Butler Borough	7.5	43,927.08
Chatham Borough	7.5	47,932.11
Chatham Township	7.5	58,820.59
Chester Borough	7.5	13,155.96
Chester Township	7.5	35,894.48
East Hanover Township	7.5	72,296.48
Hanover Township	7.0	73,768.21
Jefferson Township	7.5	83,111.61
Madison Borough	7.5	106,666.05
Mendham Township	7.5	35,994.00
Montville Township	7.5	60,789.18
Mount Arlington Borough	7.5	19,978.14
Mount Olive Township	7.5	71,646.96
Randolph Township	7.5	97,663.00
		(835,450.81)

32%(31)Ocean County (10)

Beach Haven Borough	7.49	27,186.85
Berkeley Township	7.5	127,649.23
Brick Township	7.5	202,104.00
Harvey Cedars Borough	7.5	14,889.00
Jackson Township	7.5	107,252.83

Ocean County (Continued)

Lakewood Township	7.5	\$ 179,398.81
Little Egg Harbor Township	7.5	48,895.90
Ocean Township	6.26	12,246.00
Surf City Borough	7.5	24,370.00
Tuckerton Borough	7.5	10,429.57
		(754,422.19)

44%(16)Passaic County (7)

Bloomington Borough	7.5	33,722.57
Clifton City	7.5	408,961.95
Little Falls Township	7.5	49,854.97
Paterson City	7.5	836,964.64
Pompton Lakes Borough	7.5	48,937.63
Wayne Township	7.0	236,878.00
West Milford Township	7.5	127,852.17
		(1,743,171.93)

20%(5)Salem County (1)

Salem City	7.5	34,220.52
		(34,220.52)

78%(18)Somerset County (14)

Bernards Township	7.5	91,204.94
Bound Brook Borough	7.5	42,344.00
Far Hills Borough	7.5	8,288.18
Green Brook Township	7.5	22,188.27
Hillsborough Township	7.5	73,706.90
Manville Borough	7.5	57,800.00
Montgomery Township	7.5	45,382.00
North Plainfield Borough	7.5	90,280.65
Raritan Borough	7.5	33,335.00
Rocky Hill Borough	7.29	3,518.45
Somerville Borough	7.5	81,757.00
South Bound Brook Borough	7.5	15,191.67
Warren Township	7.5	67,723.39
Watchung Borough	7.5	40,843.69
		(673,564.14)

26%(19)Sussex County (5)

Franklin Borough	7.5	\$ 22,214.94
Hamburg Borough	7.5	8,553.55
Hopatcong Borough	7.5	55,997.75
Newton Town	7.5	31,117.64
Vernon Township	7.5	53,221.00
		(171,104.88)

80%(20)Union County (16)

Clark Township	7.5	81,190.69
Cranford Township	7.5	146,452.00
Elizabeth City	7.5	2,248,955.73
Fanwood Borough	7.5	36,984.87
Garwood Borough	7.5	29,159.75
Hillside Township	7.5	171,063.00
Kenilworth Borough	7.5	44,046.01
Mountainside Borough	7.5	47,034.90
Rahway City	7.5	191,383.68
Roselle Borough	7.5	106,094.73
Roselle Park Borough	7.5	61,050.14
Scotch Plains Township	7.25	96,212.00
Springfield Township	7.5	104,179.78
Union Township	7.5	389,076.00
Westfield Town	7.5	171,285.00
Winfield Township	7.5	6,069.19
		(3,930,237.47)

45%(11)Warren County (5)

Greenwich Township	7.18	6,000.00
Hackettstown Town	7.4	38,033.53
Liberty Township	7.5	5,561.85
Lopatcong Township	7.5	24,264.48
Pohatcong Township	7.5	15,298.71
		(89,158.57)

APPENDIX III

Table 2
Municipal Referendums To Exceed CAP By County
1977 - 1984

	1977	1978	1979	1980	1981	1982	1983	1984	Total									
	No.	App.	No.	App.	No.	App.	No.	App.	No.	App.								
Atlantic	-	-	2	0	5	5	1	1	-	-	13	7						
Bergen	-	-	3	2	5	3	15	6	2	1	0	6	3	39	17			
Burlington	-	-	-	-	2	1	4	1	8	4	2	0	2	2	-	-	18	8
Camden	1	1	3	1	-	-	11	3	10	3	4	3	2	1	3	3	34	15
Cape May	-	-	1	1	1	0	2	1	2	1	-	-	-	-	-	-	6	3
Cumberland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Essex	-	-	1	0	-	-	-	-	-	-	1	1	-	-	-	-	2	1
Gloucester	1	1	2	1	4	1	7	1	8	4	2	1	-	-	2	1	26	10
Hudson	-	-	-	-	-	-	1	1	1	0	-	-	-	-	2	1	4	2
Hunterdon	-	-	-	-	-	-	1	1	2	0	2	2	-	-	-	-	5	3
Mercer	-	-	1	0	-	-	2	0	2	2	-	-	-	-	-	-	5	2
Middlesex	-	-	-	-	-	-	1	0	2	0	1	0	-	-	1	0	5	0
Monmouth	1	1	1	0	10	5	10	7	16	3	8	5	4	3	4	4	54	28
Morris	-	-	1	0	2	1	3	2	6	1	3	0	1	1	2	1	18	6
Ocean	-	-	-	-	1	1	3	1	7	3	3	2	3	2	3	1	20	10
Passaic	-	-	-	-	-	-	4	1	-	-	2	0	1	1	-	-	7	2
Salem	-	-	-	-	1	0	1	1	1	0	1	1	-	-	-	-	4	2
Somerset	-	-	-	-	3	1	1	0	3	2	-	-	-	-	-	-	7	3
Sussex	-	-	-	-	1	1	4	0	3	1	2	0	-	-	1	-	11	2
Union	-	-	1	0	2	0	3	1	-	-	2	0	-	-	1	0	9	1
Warren*	-	-	-	-	-	-	-	-	2	1	-	-	1	1	2	1	5	3
Total	3	3	14	4	32	13	68	29	93	32	40	18	15	11	27	15	292	125
No. of counties where referenda occurred	3	9	12	18	17	15	8	11										

* Includes 2 referendums conducted in Washington Borough as the result of judicial order.

8/28/84

GROSS NATIONAL PRODUCT IN 1972 DOLLARS

[Billions of 1972 dollars; quarterly data at seasonally adjusted annual rates]

Period	Gross national product	Personal consumption expenditures	Gross private domestic investment			Exports of goods and services			Government purchases of goods and services					Final sales
			Nonresidential fixed	Residential fixed	Change in business inventories	Net exports	Exports	Imports	Total	Federal			State and local	
										Total	National defense	Non-defense		
1972.....	1,185.9	737.1	121.0	63.8	10.2	0.7	77.5	76.7	253.1	101.7	73.1	28.5	151.4	1,175.7
1973.....	1,254.3	767.9	138.1	62.3	17.2	15.5	97.3	81.8	253.3	95.9	68.3	27.6	157.4	1,237.1
1974.....	1,246.3	762.8	135.7	48.2	11.6	27.8	108.5	80.7	260.3	96.6	66.9	29.7	163.6	1,234.7
1975.....	1,231.6	779.4	119.3	42.2	-6.7	32.2	103.5	71.4	265.2	97.4	66.4	31.0	167.8	1,238.4
1976.....	1,298.2	823.1	125.6	51.2	7.8	25.4	110.1	84.7	265.2	96.8	64.9	31.8	168.4	1,290.4
1977.....	1,369.7	864.3	140.3	60.7	13.3	22.0	112.9	90.9	269.2	100.4	65.4	35.0	168.8	1,356.4
1978.....	1,438.6	903.2	158.3	62.4	16.0	24.0	126.7	102.7	274.6	100.3	65.7	34.7	174.3	1,422.6
1979.....	1,479.4	927.6	169.9	59.1	7.3	37.2	146.2	109.0	278.3	102.1	67.4	34.8	176.2	1,472.2
1980.....	1,475.0	931.8	165.8	47.1	-4.4	50.3	159.1	108.8	284.3	106.4	70.0	36.4	177.9	1,479.4
1981.....	1,512.2	950.5	175.0	44.5	11.3	43.8	160.2	116.4	287.0	110.3	73.5	36.7	176.8	1,500.9
1982.....	1,480.0	963.3	166.9	37.9	-10.4	29.7	147.6	118.0	292.7	117.0	79.1	37.9	175.7	1,490.4
1983.....	1,534.7	1,009.2	171.0	53.7	-3.6	12.6	139.5	126.9	291.9	116.2	84.7	31.5	175.7	1,538.3
1982: I.....	1,483.5	953.7	175.2	36.2	-6.7	34.9	152.2	117.3	290.2	114.8	75.7	39.1	175.4	1,490.3
1982: II.....	1,480.5	958.9	166.9	37.6	-4.0	34.1	155.1	121.0	287.0	111.0	78.1	32.9	176.0	1,484.5
1982: III.....	1,477.1	964.2	163.9	36.8	-6.4	25.7	146.8	120.9	292.8	117.2	80.6	36.6	175.7	1,483.5
1982: IV.....	1,478.8	976.3	161.5	40.8	-24.6	24.1	136.7	112.6	300.6	124.8	81.9	42.9	175.8	1,503.4
1983: I.....	1,491.0	982.5	161.6	46.2	-16.5	22.9	138.2	115.3	294.3	119.0	83.3	35.7	175.3	1,507.5
1983: II.....	1,524.8	1,006.2	165.3	53.4	-6.1	13.6	137.0	123.4	292.4	117.2	84.8	32.3	175.2	1,530.9
1983: III.....	1,550.2	1,015.6	172.6	57.2	.9	11.9	141.6	129.7	292.0	115.6	84.4	31.2	176.4	1,549.3
1983: IV.....	1,572.7	1,032.4	184.5	57.8	7.2	2.0	141.0	139.1	288.8	113.0	86.3	26.7	175.8	1,565.4
1984: I.....	1,610.9	1,044.1	193.3	60.6	31.6	-8.3	144.9	153.2	289.5	112.2	87.1	25.2	177.3	1,579.3
1984: II.....	1,640.2	1,061.7	202.6	62.0	21.5	-10.0	148.8	158.8	302.4	123.7	89.8	34.0	178.7	1,618.7

NOTE.—Series revised beginning 1981.

Source: Department of Commerce, Bureau of Economic Analysis.

IMPLICIT PRICE DEFLATORS FOR GROSS NATIONAL PRODUCT

[1972=100; quarterly data are seasonally adjusted]

Period	Gross national product	Personal consumption expenditures				Gross private domestic investment		Exports and imports of goods and services		Government purchases of goods and services			
		Total	Durable goods	Nondurable goods	Services	Nonresidential fixed	Residential fixed	Exports	Imports	Federal			State and local
										Total	National defense	Non-defense	
1972.....	100.00	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1973.....	105.75	105.7	101.7	108.5	104.7	103.8	109.1	112.7	116.7	106.3	106.6	105.6	107.0
1974.....	115.08	116.4	108.2	123.4	113.0	115.4	120.3	134.8	164.6	114.9	115.1	114.2	118.0
1975.....	125.79	125.3	117.3	132.5	121.6	132.2	131.0	149.6	179.6	126.0	124.9	128.2	129.4
1976.....	132.34	131.7	123.9	137.2	129.6	138.6	140.7	155.3	185.6	133.5	132.4	135.7	138.3
1977.....	140.05	139.3	129.2	143.6	139.3	146.3	158.0	161.9	205.5	142.8	141.9	144.6	148.4
1978.....	150.42	149.1	136.4	153.4	150.0	157.2	178.3	172.6	214.1	153.1	152.7	153.8	159.7
1979.....	163.42	162.5	145.0	169.9	162.3	170.8	200.5	192.5	246.1	164.8	166.0	162.5	173.7
1980.....	178.42	179.0	156.2	188.1	178.8	186.2	218.5	212.9	289.4	185.2	187.5	180.8	191.5
1981.....	195.60	194.5	167.1	202.5	196.8	202.2	234.1	230.9	293.8	207.6	209.1	204.7	208.0
1982.....	207.38	206.0	174.5	208.7	213.6	209.5	241.3	236.0	279.3	221.4	227.0	208.8	222.8
1983.....	215.34	213.6	177.7	213.0	226.0	206.4	246.4	241.0	271.5	232.1	236.6	220.0	236.7
1982: I.....	203.98	202.5	172.8	207.1	207.9	208.7	241.7	236.2	282.9	217.6	222.5	208.2	217.2
1982: II.....	206.77	204.5	174.0	207.4	211.4	210.4	241.8	236.2	273.3	220.7	224.5	211.7	220.8
1982: III.....	208.53	207.6	175.5	209.6	215.6	208.8	241.8	236.2	280.9	223.2	227.4	213.9	224.7
1982: IV.....	210.27	209.6	175.6	210.5	219.4	210.1	240.0	235.3	280.1	223.8	233.1	206.2	228.4
1983: I.....	212.87	210.7	176.6	210.2	221.9	207.1	245.2	237.7	267.8	229.4	233.7	219.4	231.5
1983: II.....	214.25	212.8	176.8	212.6	224.9	205.2	243.0	239.4	271.0	230.8	234.8	220.3	234.9
1983: III.....	215.89	214.8	178.0	214.5	227.3	205.1	248.7	241.5	276.3	232.8	237.9	219.1	238.4
1983: IV.....	218.21	216.0	179.3	214.8	229.7	208.1	248.3	245.4	270.3	235.6	240.0	221.4	241.8
1984: I.....	220.58	218.0	179.0	217.4	232.6	206.3	249.4	247.7	267.9	238.5	245.1	215.5	246.4
1984: II.....	222.31	219.2	179.4	216.6	235.7	207.8	252.6	249.6	270.3	241.9	246.6	229.5	250.0

NOTE.—Series revised beginning 1981.

Source: Department of Commerce, Bureau of Economic Analysis.

SOURCE: "Economic Indicators", July 1984. Prepared for the Joint Economic Committee by the Council of Economic Advisers. Washington, 1984

8/23/84

TABLE 4

1983 CAP EXCEPTIONS
(Unverified figures)*

COUNTY	1983 TAX BEFORE EXCEPT.	1983 NEW CONST.	1983 VOC. SCHOOL	1983 OUT CNTY. VOC. SCHOOL	1983 DEBT. SERV.	1983 DEF. CHGS.	1983 EMERG.	1983 UNEMP. COMP.
ATLANTIC	\$25,256,386	\$856,459	\$2,744,928	\$1,000	\$5,575,921	\$0	\$0	\$200,000
BERGEN	50,640,254	1,435,918	8,000,000	0	18,345,000	0	750,000	100,000
BURLINGTON	30,741,521	583,622	3,871,585	5,000	8,333,646	0	0	215,000
CAMDEN	44,551,042	1,304,309	5,404,838	0	13,870,200	0	0	540,000
Cape May	13,597,798	393,178	1,537,836	2,000	2,769,487	313,391	191,805	152,000
CUMBERLAND	9,082,120	235,426	473,246	87,000	2,551,713	0	0	208,063
ESSEX	130,052,409	1,369,167	5,336,193	0	10,101,074	0	1,672,144	0
LOUCESTER	11,457,587	276,842	1,159,611	50,000	2,952,550	0	10,095	200,000
HUDSON	56,925,365	829,493	5,633,402	0	5,535,729	0	0	500,000
HUNTERDON	8,578,515	460,805	0	40,000	2,766,000	87,369	0	55,000
MERCER	30,769,935	493,171	2,646,039	0	7,300,289	0	0	45,000
MIDDLESEX	37,967,088	1,972,418	9,918,964	20,000	13,855,270	2,730	132,164	285,000
MONMOUTH	39,637,480	1,265,538	3,806,125	0	7,527,641	0	0	174,963
MORRIS	37,940,336	1,062,203	1,354,243	0	7,318,148	0	0	150,000
OCEAN	27,230,444	682,340	3,155,000	0	7,338,332	1,650,818	665,000	140,000
PASSAIC	32,599,094	651,893	3,175,200	0	8,021,778	0	0	385,000
SALEM	7,467,796	75,411	834,000	0	656,867	0	0	54,000
SOMERSET	19,131,444	696,355	3,548,000	0	6,974,576	0	0	75,000
SUSSEX	11,114,191	153,056	0	0	364,547	2,720,290	0	61,600
UNION	47,968,020	639,871	1,443,750	3,000	6,112,742	0	0	312,000
WARREN	7,330,237	75,064	0	8,000	1,411,866	0	0	0
TOTAL	\$680,039,061	\$15,512,339	\$64,042,958	\$216,000	\$139,683,375	\$4,774,598	\$3,421,208	\$3,852,626

COUNTY	1983 CAPITAL IMP.	1983 CHILD PLACEMNT.	1983 LOCAL HEALTH	1983 ENV. HEALTH	1983 SOC. SEC.	1983 MATCH FUNDS	1983 PROSEC. SAL.	1983 JUDIC. SAL.
ATLANTIC	\$0	\$690,699	\$0	\$312,000	\$320,693	\$200,000	\$0	\$140,000
BERGEN	901,551	0	2,182,467	28,420	1,688,526	350,000	0	165,000
BURLINGTON	407,000	0	0	0	756,550	0	0	0
CAMDEN	878,567	0	0	782,673	889,000	421,000	56,000	130,000
Cape May	1,647,189	0	0	0	206,848	102,000	0	0
CUMBERLAND	443,000	36,629	0	0	168,475	643,457	332,989	0
ESSEX	850,000	31,859	0	0	307,422	401,204	0	0
LOUCESTER	1,034,000	19,969	876,943	0	16,908	100,000	172,700	0
HUDSON	1,000,000	0	0	0	250,000	0	0	0
HUNTERDON	300,000	0	105,000	0	0	10,000	0	0
MERCER	0	0	0	0	0	0	0	0
MIDDLESEX	760,999	0	0	693,484	560,482	100,000	15,000	120,000
MONMOUTH	1,311,500	0	0	193,031	27,824	0	0	0
MORRIS	800,000	0	0	0	110,000	354,309	0	0
OCEAN	2,844,023	34,150	0	400,000	120,000	199,347	0	0
PASSAIC	500,000	121,900	0	0	349,236	175,000	17,678	105,000
SALEM	130,160	0	245,978	0	40,000	0	0	0
SOMERSET	1,327,000	0	0	0	486,000	202,729	0	0
SUSSEX	20,000	0	0	147,482	0	0	0	0
UNION	850,000	54,562	0	0	158,507	119,000	55,530	156,152
WARREN	1,404,160	259,896	1,055,396	0	0	100,000	0	0
TOTAL	\$17,409,149	\$1,249,664	\$4,465,784	\$2,557,090	\$6,056,470	\$3,478,046	\$649,897	\$816,152

*Source: Division of Local Government Services, 1984 Cap Worksheets

COUNTY	1983 PENSION	1983 COUNTY WELF. BD.	1983 MISC.	1983 COUNTY COLL.	1983 REIM. COSTS	1983 TOT. EXCEPT.	1983 TOTAL APPROP.
ATLANTIC	\$45,658	\$1,566,886	\$0	\$0	\$0	\$12,654,243	\$56,818,696
BERGEN	156,008	4,560,000	1,482,516	7,424,000	19,798,090	67,367,496	183,185,314
BURLINGTON	37,956	0	0	0	0	13,810,360	64,013,506
CAMDEN	65,983	12,931,459	225,000	4,533,052	9,923,597	51,955,678	134,461,575
CAPE MAY	25,945	1,510,575	0	704,000	0	9,556,254	32,950,927
CUMBERLAND	26,132	3,705,597	64,600	1,098,297	1,454,506	11,529,129	34,776,221
ESSEX	94,957	3,298,361	132,932	6,707,177	895,795	31,188,284	290,541,411
GLOUCESTER	18,980	3,419,589	200,287	2,671,878	861,175	14,041,528	40,643,325
HUDSON	108,132	0	355,500	1,354,098	6,648,500	22,214,853	135,356,577
HUNTERDON	0	627,577	1,066,000	0	0	5,517,551	18,553,439
MERCER	80,720	8,555,841	586,395	5,871,820	0	25,579,275	76,262,631
MIDDLESEX	113,116	7,911,287	0	7,310,161	19,752,618	63,523,693	142,676,847
MONMOUTH	55,647	9,923,080	0	6,853,757	0	31,139,106	99,241,621
MORRIS	57,668	0	462,600	3,586,657	3,625,000	18,880,828	80,699,076
OCEAN	42,319	0	85,632	3,500,000	494,250	21,351,211	68,831,156
PASSAIC	575,941	10,033,324	405,908	3,336,783	0	27,854,641	91,105,526
SALEM	0	0	0	0	0	2,036,416	17,748,890
SOMERSET	31,037	1,722,150	0	2,726,500	200,966	17,990,313	47,341,165
SUSSEX	0	0	0	0	413,924	3,880,899	24,922,439
UNION	137,919	6,991,291	900,526	4,284,429	0	22,219,380	100,976,964
WARREN	17,542	0	0	469,900	117,510	4,919,334	20,004,042
TOTAL	\$1,691,661	\$76,747,017	\$5,967,996	\$62,432,508	\$64,185,931	\$479,210,471	\$1,761,111,348

COUNTY	1983 AMT. CAP APPLIED	1983 5% CAP	1983 TAX AFTER EXCEPT.
ATLANTIC	\$24,053,701	\$1,202,685	\$37,910,629
BERGEN	48,228,813	2,411,441	118,007,750
BURLINGTON	29,277,639	1,463,882	44,551,880
CAMDEN	42,429,564	2,121,478	96,506,720
CAPE MAY	12,950,284	647,514	23,154,052
CUMBERLAND	8,649,638	432,482	20,611,249
ESSEX	123,859,437	6,192,972	161,240,693
GLOUCESTER	10,911,988	545,599	25,499,115
HUDSON	54,214,833	2,710,732	79,140,218
HUNTERDON	8,170,014	408,501	14,096,066
MERCER	29,304,700	1,465,235	56,349,210
MIDDLESEX	36,159,131	1,807,957	101,490,780
MONMOUTH	37,749,981	1,887,499	70,776,586
MORRIS	36,133,653	1,806,683	56,821,163
OCEAN	25,933,756	1,296,688	48,581,655
PASSAIC	31,046,756	1,552,338	60,453,735
SALEM	7,112,187	355,609	9,504,213
SOMERSET	18,220,423	911,021	37,121,757
SUSSEX	10,584,944	529,247	14,993,090
UNION	45,683,829	2,284,191	70,187,400
WARREN	6,981,178	349,059	12,249,571
TOTAL	\$647,656,249	\$32,382,812	\$1,159,249,532

APPENDIX III

TABLE 5

1984 CAP EXCEPTIONS (Unverified figures) *

COUNTY	1984 TAX BEFORE EXCEPTIONS	NEW CONST. 1983	1984 CONST.	1984 EMERG. AUTH.	1984 VOC. SCHOOL	1984 OUT CNTY. VOC. SCHOOL	1984 DEBT. SERV.	1984 DEF. CHGS.
ATLANTIC	\$27,192,665	\$1,148,142	\$0	\$0	\$2,985,650	\$1,000	\$5,048,834	\$0
BERGEN	49,050,444	1,207,053	0	988,000	8,416,301	0	20,603,530	0
BURLINGTON	30,830,187	566,148	0	0	4,065,165	5,000	7,755,000	0
CAMDEN	46,023,041	1,280,504	0	213,500	5,681,819	0	13,533,415	0
CAPE MAY	15,027,881	338,837	0	0	1,614,579	2,000	2,102,355	425,353
CUMBERLAND	10,010,476	165,462	0	115,000	505,295	0	2,255,790	0
ESSEX	137,992,654	1,800,820	0	865,686	4,938,274	0	11,750,580	0
GLoucester	12,502,590	536,908	0	0	1,173,421	50,000	5,001,493	0
HUDSON	65,892,986	641,564	0	370,000	5,371,584	0	5,214,002	0
HUNTERDON	9,289,406	348,836	0	0	0	40,000	3,095,000	0
MERCER	29,045,325	748,482	0	0	2,688,152	0	8,547,842	0
MIDDLESEX	42,762,259	2,109,597	0	530,000	10,763,204	20,000	17,687,454	3,053
MONMOUTH	42,948,169	1,616,475	0	0	4,051,242	0	7,648,193	0
MORRIS	40,982,973	1,118,180	101,382	0	1,691,096	0	9,047,430	0
OCEAN	29,966,902	876,533	18,547	0	4,142,134	0	8,534,035	1,158,500
PASSAIC	33,428,702	666,878	0	0	2,750,000	0	9,276,822	0
SALEM	7,836,758	0	0	0	855,000	0	876,975	0
SOMERSET	21,297,476	1,342,970	0	0	4,020,980	0	7,916,099	0
SUSSEX	12,034,677	182,696	0	0	1,351,295	0	599,824	2,401,110
UNION	42,101,921	781,602	0	0	1,725,000	2,500	6,896,709	0
WARREN	7,260,149	75,604	9,325	0	0	8,000	1,902,044	0
TOTAL	\$712,477,641	\$17,513,290	\$129,254	\$3,082,186	\$68,790,190	\$128,500	\$155,293,424	\$3,988,016

COUNTY	1984 UNEMP. COMP.	1984 SOC. SEC.	1984 PENSION	1984 CAPITAL IMP.	1984 CHILD PLACEMENT	1984 LOCAL HEALTH	1984 ENV. HEALTH	1984 PROSEC. SAL.
ATLANTIC	\$200,000	\$370,693	\$47,605	\$0	\$757,851	\$0	\$362,000	\$0
BERGEN	50,000	888,000	170,302	1,301,510	0	2,312,995	28,000	0
BURLINGTON	65,000	494,355	39,954	716,000	0	0	0	0
CAMDEN	485,000	1,477,179	0	800,000	0	3,325,895	0	56,000
CAPE MAY	124,000	297,102	29,494	1,895,820	0	0	0	0
CUMBERLAND	185,600	235,040	25,652	400,000	41,749	0	0	351,221
ESSEX	0	930,796	111,088	1,100,000	92,533	0	0	0
GLoucester	230,000	268,024	18,667	0	15,858	1,047,183	0	185,533
HUDSON	250,000	654,340	120,703	3,993,327	0	0	0	53,000
HUNTERDON	0	0	0	300,000	0	110,000	0	0
MERCER	0	0	91,482	0	0	0	0	0
MIDDLESEX	0	854,327	123,543	566,000	0	0	625,112	15,000
MONMOUTH	194,246	100,742	63,989	1,648,000	0	0	288,586	0
MORRIS	75,000	300,000	66,642	850,000	0	0	0	0
OCEAN	150,000	71,271	47,124	3,577,081	36,315	0	450,000	0
PASSAIC	385,000	518,386	604,440	300,000	132,148	0	0	17,678
SALEM	66,000	40,000	0	944,308	0	286,152	0	0
SOMERSET	80,000	344,000	32,687	700,000	0	0	0	0
SUSSEX	61,600	0	0	65,731	0	0	178,035	150,405
UNION	50,000	394,212	146,567	1,750,000	57,780	0	0	55,530
WARREN	0	0	20,131	1,175,827	288,403	1,325,442	0	0
TOTAL	\$2,651,446	\$8,238,467	\$1,760,069	\$22,083,604	\$1,422,637	\$8,407,667	\$1,931,733	\$884,367

* Source: Division of Local Government Services, 1984 Cap Worksheets

COUNTY	1984 JUDIC. SAL.	1984 COUNTY WELF. RD.	1984 MATCH FUNDS	1984 MISC.	1984 COUNTY COLL.	1984 REIM. COSTS	1984 CAP BANK	1984 OUT NTRY. CAP 2YR COLL.
ATLANTIC	\$140,000	\$1,942,000	\$150,000	\$0	\$0	\$0	\$510,971	\$0
BERGEN	165,000	4,964,000	420,000	1,743,728	8,151,000	20,192,400	1,272,405	0
BURLINGTON	0	0	0	0	0	0	943,192	0
CAMDEN	160,559	14,181,183	433,687	0	4,858,366	9,946,876	0	250,000
CAPE MAY	0	1,478,591	147,001	0	0	0	0	940,000
CUMBERLAND	0	3,959,761	746,052	224,773	1,215,935	1,249,639	0	106,902
ESSEX	0	3,278,629	417,512	0	7,704,865	1,271,400	0	0
GLOUCESTER	0	3,717,789	100,000	0	2,805,472	1,136,665	0	100,000
HUDSON	0	0	0	0	1,519,219	0	0	0
HUNTERDON	0	599,372	20,000	0	0	0	0	1,225,000
MERCER	0	8,958,277	0	647,989	6,300,000	0	1,565,738	0
MIDDLESEX	120,000	7,910,569	80,000	0	7,682,511	22,694,482	0	0
MONMOUTH	0	10,110,539	0	0	8,395,788	0	0	0
MORRIS	0	0	339,350	462,600	4,755,575	3,235,300	0	0
OCEAN	0	119,196	190,000	0	4,449,262	510,989	0	0
PASSAIC	105,000	10,356,917	0	0	3,535,123	0	1,192,132	0
SALEM	0	0	213,212	0	2,891,000	209,275	0	0
SOMERSET	0	1,909,807	0	0	0	0	0	0
SUSSEX	0	0	242,004	794,192	4,700,000	9,803,626	169,275	0
UNION	156,152	7,018,291	200,000	0	630,850	0	0	0
WARREN	0	0	0	0	0	0	0	0
TOTAL	\$815,711	\$80,385,725	\$3,818,014	\$3,873,282	\$69,594,966	\$70,250,652	\$5,653,714	\$2,621,902

COUNTY	1984 INDEX RATE	1984 FAMILY COURT	1984 TAX AFTER EXCEPT.	1984 LOCAL PUR. TAX	1984 TOTAL APPROP.	1984 CNTY. PUR. TAX	1984 AMT. FOR CAP APPL.
ATLANTIC	\$0	\$0	\$40,857,410	\$40,857,410	\$59,482,063	\$37,695,560	\$25,897,776
BERGEN	0	0	121,924,667	121,924,667	199,147,655	112,646,287	46,714,708
BURLINGTON	0	0	45,480,001	45,480,001	64,905,194	42,588,831	29,362,083
CAMDEN	0	0	102,707,024	102,564,267	144,933,357	94,621,623	43,831,468
CAPE MAY	214,684	0	24,637,697	24,637,697	35,732,308	23,475,343	14,312,267
CUMBERLAND	143,007	0	21,937,353	21,937,353	36,532,109	20,827,490	9,533,787
ESSEX	0	223,929	172,478,767	168,139,063	295,005,919	161,240,693	131,421,575
GLOUCESTER	178,608	260,083	29,328,294	29,328,294	43,156,683	25,671,915	11,907,229
HUDSON	0	0	84,080,725	79,888,443	142,687,859	78,332,674	56,947,314
HUNTERDON	0	0	15,027,614	14,900,000	19,824,257	13,904,000	8,847,054
MERCER	0	0	57,593,287	57,593,287	85,922,411	51,795,937	26,709,833
MIDDLESEX	0	0	114,547,111	112,452,800	154,527,243	102,277,236	40,725,961
MONMOUTH	0	0	77,065,968	77,065,968	108,874,750	70,776,586	40,903,018
MORRIS	0	0	63,025,528	62,464,401	88,357,388	56,850,027	39,031,403
OCEAN	428,099	0	54,495,988	54,373,065	76,276,914	49,208,777	28,539,907
PASSAIC	477,553	425,000	64,361,778	64,361,778	100,260,288	59,039,617	31,836,869
SALEM	0	0	10,905,193	10,318,000	19,358,660	9,424,584	7,463,579
SOMERSET	304,110	0	41,261,616	41,261,616	51,104,565	37,577,268	20,283,310
SUSSEX	0	241,324	17,266,697	17,266,697	28,655,559	14,995,090	11,267,248
UNION	0	108,000	76,953,362	76,953,362	111,898,814	69,879,317	40,097,068
WARREN	0	0	12,895,774	12,689,871	22,297,957	11,456,745	6,612,475
TOTAL	\$1,746,061	\$1,258,336	\$1,248,831,893	\$1,236,457,423	\$1,888,941,953	\$1,144,285,589	\$672,245,931

COUNTY	1984 % CAP	1984 TAX BEFORE EXCEPTIONS	1984 OFFERAT. APPROP.	1984 APP. BUDGET	1984 AVAIL. CAP	1984 TOTAL EXCEPT.
ATLANTIC	\$1,294,889	\$27,192,665	\$38,299,243	\$37,695,560	\$603,683	\$13,664,745
BERGEN	2,335,735	49,050,444	113,918,692	112,646,287	1,272,405	72,874,223
BURLINGTON	1,468,104	30,830,187	44,551,881	42,588,821	1,963,060	14,649,814
CAMDEN	2,191,573	46,023,041	96,506,720	94,621,623	1,885,097	56,683,983
CAPE MAY	715,613	15,027,881	0	0	0	9,609,816
CUMBERLAND	476,889	10,010,476	0	0	0	11,926,877
ESSEX	6,571,079	137,992,654	161,240,693	161,240,693	0	34,486,113
GLOUCESTER	595,361	12,502,590	0	0	0	16,825,703
HUDSON	2,847,366	59,794,680	79,370,218	78,332,674	1,037,543	18,187,739
HUNTERDON	442,353	9,289,406	14,096,067	13,904,000	192,067	5,738,208
MERCER	1,335,492	28,045,325	56,322,210	51,795,937	4,562,273	29,547,962
MIDDLESEX	2,036,298	42,762,259	0	0	0	71,784,852
MONMOUTH	2,045,151	42,948,169	70,776,586	70,776,586	0	34,117,799
MORRIS	1,951,570	40,982,973	56,850,027	56,850,027	0	22,042,555
OCEAN	1,426,995	29,966,902	0	0	0	24,529,086
PASSAIC	1,591,843	33,428,702	60,483,736	59,039,617	1,444,119	30,933,076
SALEM	373,179	7,836,758	9,674,999	9,424,584	250,415	3,068,435
SOMERSET	1,014,166	21,297,476	0	0	0	19,964,140
SUSSEX	563,362	11,830,610	14,995,090	14,995,090	0	5,232,020
UNION	2,004,853	42,101,921	70,187,400	69,879,317	308,083	34,851,441
WARREN	330,624	6,943,099	12,350,690	11,456,745	893,944	5,635,625
TOTAL	\$33,612,297	\$705,858,217	\$899,624,250	\$885,247,560	\$14,412,689	\$536,354,213

Appendix III

County Reimbursable Costs

Pursuant to N.J.S. 40A:4-45.4(g), excluded from increases in county tax levies are those expenditures of Federal and State aid dollars made by counties, for which counties are entitled to receive reimbursement from Federal, State or other funds, and those expenditures made by counties for the purpose of providing matching funds in order to secure available Federal or State aid money or to obtain reimbursement from Federal, State or other funds. This and the following chart represent a listing of the county institutions for which this exception was claimed, by county, for 1983 and 1984 based on the information provided to the Division of Local Government Services of the Department of Community Affairs.

Table 6
County Reimbursable Costs, 1983

Bergen	Spec. Serv. Bd.	1,482,516
Camden	Out Cnty 2yr. coll.	225,000
Cumberland	Cnty. Imp. Auth.	64,600
Essex	Family Court	132,932
Gloucester	Out Cnty 2 yr. coll.	100,000
	Family Court	100,287
Hudson	Utility	355,500
Hunterdon	Out Cnty. 2 yr. coll.	1,066,000
Mercer	Spec. Serv. Bd.	586,395
Morris	Munic. Auth.	462,600
Ocean	Munic. Auth.	85,632
Passaic	Utility	405,908
Union	Utility	857,727
	Cnty. Board	34,213
	Sanit. Landfill	8,686

Miscellaneous - 1984

Bergen	Spec. Serv. Bd.	1,743,728
Cumberland	Authority	224,773
Mercer	Spec. Serv. Bd.	647,989
Morris	Authority	462,600
Union	Cnty. Elections	34,213
	Utility	751,293
	Sanit. Landfill	8,686

APPENDIX III

Table 7

County Reimbursable Costs, 1984

<u>County</u>	<u>1984 Reim. Costs</u>		<u>Components</u>
Atlantic	\$ 0		
Bergen	20,192,400	19,498,400 694,000	Bergen Pine Hospital Child Care Div. Youth & Family Serv.
Burlington	0		
Camden	9,946,876	9,718,841 228,035	County Hospitals Probation Title IV D
Cape May	0		
Cumberland	1,249,639	1,249,639	Cumberland Manor Net of Revenue
Essex	1,271,400	586,626 684,774	Hospital Center Geriatric Center
Gloucester	1,136,665	415,000 721,665	Title IV D Almshouse
Hudson	0		
Hunterdon	0		
Mercer	0		
Middlesex	22,694,482	9,040,978 59,873 2,323,190 176,711 5,355,981 3,823,544 1,047,266 3,823,544 1, 047,266 866,939	Roosevelt Hospital DYFS Middlefields Mental Health Clinic Title IV D Cild Support Adult Correction Detention Center Roosevelt Hosp. Fringes Adult Correction Detention Center Roosevelt Hosp. Fringes Adult Correction Detention Center Fringes Fringes - Other

<u>County</u>	1984 Reim. <u>Costs</u>		<u>Components</u>
Monmouth	\$ 0		
Morris	3,235,300	3,235,300	Morris View
Ocean	510,989	510,989	Probation Title IV D
Passaic	0		
Salem	0		
Somerset	209,275	35,925	Health Admin. Reim.
		173,350	Salary Title IV D
Sussex	0		
Union	9,803,626	6,002,402	John Runnels Hospital
		2,876,224	John Runnels Hospital Fringes
		925,000	Probation Title IV D
Warren	0		

TABLE 8

FREQUENCY COUNT OF CAP EXCEPTIONS

<u>CAP EXCEPTIONS</u>	<u>1983</u>	<u>1984</u>
NEW CONSTRUCTION	21	20
EMERGENCY AUTHORITY	6	6
VOCATIONAL SCHOOL	18	19
OUT OF COUNTY VOC. SCHOOL	9	8
DEBT SERVICE	21	21
DEFERRED CHARGES	5	4
UNEMPLOYMENT COMPENSATION	19	16
SOCIAL SECURITY	17	17
PENSION	18	17
CAPITAL IMPROVEMENT	19	18
CHILD PLACEMENT	8	8
LOCAL HEALTH	5	6
ENVIRONMENTAL HEALTH	7	6
PROSECUTORS SALARY	6	8
JUDICIAL SALARY	6	6
COUNTY WELFARE BOARD	15	14
MATCH FUNDS	15	15
MISCELLANEOUS	12	5
COUNTY COLLEGES	16	15
REIMBURSEMENT COSTS	13	10
CAP BANK	-	6
OUT OF COUNTY 2 YEAR COLLEGES	-	5
INDEX RATE	-	6
FAMILY COURT	-	5

APPENDIX IV

Written and Oral Presentations before the Commission

Written Testimony (Without appearance)

1. William E. Dressel, Jr., Assistant Executive Director,
New Jersey League of Municipalities
2. Gregory C. Fehrenbach, Township Manager,
Ocean Township
3. James S. Lacava, President
Municipal Finance Officer's Association of New Jersey

Oral Presentations Before Commission

1. Roberta Acampora, Director,
Camden County
2. Philip K. Beachem, Legislative Coordinator,
New Jersey Association of Counties
3. W. Patrick Beaton, Research Professor,
Center for Urban Policy, Rutgers University
4. Adam Broner,
Office of Economic Policy
5. Reagan Burkholder, Manager,
East Windsor
6. Lawrence M. Caroselli, Director of Finance,
Union County
7. Robert Casey, Manager
8. Louis J. Coletti, Acting County Manager,
Union County
9. Eskil S. Danielson, Co-Chairman,
New Jersey State Association Chiefs of Police Ad Hoc Committee
on the Cap Law
10. Katherine Frank, Executive Administrator,
New Jersey State Association Chiefs of Police
11. Bertrand N. Kendall, Township Manager,
Montclair
12. James W. Mastriani, Chairman
Robert M. Glasson
New Jersey Public Employment Relations Commission
13. Jack McHugh, County Administrator
Middlesex County

14. Donald H. Perlee, Director of Finance
Cranford
15. Mayor Edward P. Raffo, Borough of River Edge
Angela L. Grillo, Administrator
Alan P. Negreann, Treasurer

Written Coorespondence to Commission

1. Mark E. Acker, Finance Director,
Monmouth County (5/18/84)
2. Robert J. Aloia, Director of Finance,
Bergen County (5/16/84)
3. Daniel T. Bossert,
Registered Municipal Accountants' Association (8/15/84)
4. Jack Coughlin, Administrator,
Holmdel Township (3/30/84)
5. Walter A. DeAngelo, County Administrator,
Mercer County (5/30/84)
6. Joseph DiGiacomo, Township Manager,
Township of Cedar Grove (5/16/84)
7. John T. McHugh, County Administrator,
Middlesex County (5/16/84)
8. J.T. Mullins, County Comptroller,
Ocean County (5/14/84)
9. Robert T. Natoli, County Treasurer,
Morris County (5/15/84)
10. V.J. Petrino, N.J. Association of County Treasurers (8/9/84)

Pilot Questionnaire Sample

1. Burton T. Conway, Township Manager,
Township of Evesham
2. L. Mason Neely, Finance Director,
Township of East Brunswick
3. Gary A. Saage, Fiscal Officer,
Township of Teaneck

APPENDIX V

LOCAL EXPENDITURE LIMITATIONS ADVISORY COMMISSION

QUESTIONNAIRE

_____ Municipality	_____ County
_____ Name	_____ Position
_____ Telephone	

Chapter 49, Pamphlet Law 1983, established the Local Expenditure Limitations Advisory Commission to conduct a continuing review of the provisions of the cap law and to collect and assemble information and data on the law's effects upon municipalities, counties and property taxpayers. This questionnaire is designed to assist us in identifying and assessing the impact of the cap limitations upon municipal spending and operations.

WHERE BUDGETARY INFORMATION IS REQUESTED, ANSWERS SHOULD BE GIVEN IN TERMS OF AMOUNTS APPROPRIATED, AS OPPOSED TO AMOUNTS EXPENDED. IF ADDITIONAL SPACE IS NEEDED TO ANSWER FULLY ANY QUESTION, OR IF YOU WISH TO COMMENT ON ANY ASPECT OF THIS SUBJECT NOT COVERED BY THE QUESTIONNAIRE, USE THE REVERSE SIDES OR ATTACH ADDITIONAL PAGES.

We would appreciate your returning the completed questionnaire in the enclosed envelope as soon as possible.

Thank you for your cooperation in providing the requested information.

1. In 1983 and 1984, how much of your total appropriations was inside the cap, and how much outside the cap?

	<u>1983</u>	<u>1984</u>
Capped % of total	\$	\$
Uncapped % of total	\$	\$

2. Did your municipality have any problems preparing its 1984 budget within its cap rate?

Yes _____ No _____

Reason(s): _____

3. What capped appropriations placed the most pressure on your budget in 1984? Indicate which of these you expect will continue to exert such pressure on your budget in subsequent years.

4. (a) If you laid-off permanent full-time employees in 1983, indicate (1) the percentage this represented of your total permanent full-time workforce, (2) the functional area(s)* affected, (3) the savings realized and (4) the reason(s) for the layoffs.

_____ %	_____	_____
	Functional Area (s)	Savings
Reason(s):	_____	

* Functional areas as defined in DCA Local Budget Manual:

General Government	Sanitation
Public Safety	Health and Welfare
Streets and Roads	Recreation and Education

(b) Did you take any of the following actions to avoid layoffs in 1983?

Didn't fill vacant positions	_____
Eliminated vacant positions	_____
Made interdepartmental transfers of personnel	_____
Encouraged early retirement	_____
Laid off employees	_____
Other (e.g., increased use of volunteers)	_____

(c) If you did not fill, or eliminated, permanent full-time employees in 1983, indicate (1) the percentage this represented of your total permanent full-time workforce, (2) the functional area(s) affected, (3) the savings realized and (4) the reason(s) for the layoffs.

_____ %	_____	_____
	Functional Area(s)	Savings

Reason(s): _____

5. Using the following measures, indicate the level of services provided, whether by the municipality or a private contractor, in 1983 and 1984.

	<u>1983</u>	<u>1984</u>
(a) POLICE		
Average no. of police/ patrol car:		
shift 1	_____	_____
shift 2	_____	_____
shift 3	_____	_____
Total no. of cars:		
Owned	_____	_____
Leased	_____	_____

	<u>1983</u>	<u>1984</u>
Average mileage on car(s)	_____	_____
Bank Escorts: No. of requests filled	_____	_____

(b) SANITATION

	<u>Municipal</u>		<u>Municipal Contractor</u>	
	<u>1983</u>	<u>1984</u>	<u>1983</u>	<u>1984</u>
No. of regular pick-ups/week	_____	_____	_____	_____
No. of bags or cans allowed/pick-up	_____	_____	_____	_____
No. of special collections of bulky items/year	_____	_____	_____	_____

(c) PARKS AND PLAYGROUNDS (RECREATION)

New fees instituted and existing fees increased.

<u>Activity</u>	<u>1983</u>	<u>1984</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____

Describe any changes made in levels of parks and playground services provided in 1983 and 1984.

(d) STREET MAINTENANCE

Have you postponed/deferred street, sidewalk, and/or curb maintenance and repair in 1983 and 1984 because of the cap law?

(e) Did you increase existing fees or establish new fees between 1983 and 1984 other than those listed above? If so, list items and amounts.

<u>Items</u>	<u>1983</u>	<u>1984</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(f) Did you reduce other services in 1983 or 1984? Explain and give examples.

6. List any services or functions which you transferred to, or assumed from, another public entity in 1983, or which you plan to transfer or assume in 1984.

7. Did the change to a cap exemption for "pay-as-you-go" capital expenditures influence your decision to use this method of financing rather than to issue bonds?

Yes _____ No _____

Elaborate _____

8. Do you feel that the public understands the problems of municipal operations under the cap law?

Yes _____ No _____

Comment _____

9. Do you recommend that any change(s) be made to the municipal cap law? Elaborate.

Cap rate: _____

Exemptions (simple and add-on): _____

Method of calculation of the cap: _____

Banking: _____

Other: _____

FINAL 1985 CAP CALCULATION SHEET

COUNTY OF: _____

\$ _____

New Construction 1983 Added List (Rate _____)
New Construction 1984 Partial Assessments (Rate _____)
Emergency Authorizations
Vocational School
Out of County Vocational School
Debt Service
Deferred Charges to Future Taxation - Unfunded
Authority - Share of Costs
Unemployment Compensation Insurance
Social Security Mandated Increases
Pension Increases Fund (All Pension Funds)
Capital Improvements N.J.S. 40A:2-21 and N.J.S. 40A:2-22
Child Placement Review Act (Chapter 125, P.L. 1978)
Local Health Services Act (Chapter 329, P.L. 1975)
Environmental Health Act (N.J.S. 26:3A2-31)
County Board of Elections (Chapter 111, P.L. 1980)
Compensation Increase Board Members (Chapter 186, P.L. 1980)
Expenditure mandated per 2A:158-1.1 (Prosecutor Office Salaries)
Judicial Salary Increase (Chapter 127, P.L. 1980)

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper appears to be a standard notebook or composition paper.

\$ _____

\$ _____

STATE OF NEW JERSEY

DEPARTMENT OF COMMUNITY AFFAIRS
BUREAU OF FINANCIAL REGULATION AND ASSISTANCE
CAP CALCULATION: FOR 1985 BUDGET

COUNTY OF _____

County Purpose Tax

\$ _____

Less Exceptions:

Vocational School

\$ _____

Out of County Vocational School

\$ _____

Debt Service

\$ _____

Deferred Charges to Future Taxation Unfunded

\$ _____

Emergency Authorizations

\$ _____

Unemployment Compensation Insurance

\$ _____

Capital Improvements (N.J.S. 40A:2-2) and (N.J.S. 40A:2-22)

\$ _____

Utility Costs per (Ch. 56, P.L. 1981)

\$ _____

Child Placement Review Act (Ch. 125, P.L. 1978)

\$ _____

Local Health Services Act (Ch. 329, P.L. 1975)

\$ _____

Environmental Health Act (Ch. 443, P.L. 1977)

\$ _____

County Board of Elections (Ch. 111, P.L. 1980)

\$ _____

Compensation Increase Board Members (Ch. 136, P.L. 1980)

\$ _____

Social Security Mandated Increases

\$ _____

Matching Funds for State and Federal Grants

\$ _____

Expenditure Mandated per 2A:158-1.1 (Prosecutor Office Salaries)

\$ _____

Judicial Salary Increase (Ch. 127, P.L. 1980)

\$ _____

Pension Increase Fund (Ch. 306, P.L. 1977)

\$ _____

Municipal Utilities Authority Share of Costs

\$ _____

County Welfare Board

\$ _____

County College

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

Total Exceptions

\$ _____

Amount on Which 5% CAP is applied

\$ _____

5% CAP

\$ _____

Allowable County Purpose Tax Before Additional

Exceptions Per (N.J.S. 40A:4-45.4)

\$ _____

CAP BANKING CALCULATION

FOR 1985 BUDGET

COUNTY OF _____

1983 BANK

BALANCE 12-31-83 \$ _____

AMOUNT UTILIZED IN 1984 BUDGET \$ _____

*BALANCE AVAILABLE FOR 1985 BUDGET \$ _____

1984 BANK

ALLOWABLE OPERATING APPROPRIATIONS _____

APPROVED BUDGET H-1 _____

AVAILABLE FOR BANKING _____

*IF NOT UTILIZED IN THE 1985 BUDGET, AVAILABLE AMOUNT WILL EXPIRE PER
N.J.S.A. 40A:4-45.15.

Local Unit Code

STATE OF NEW JERSEY

Year 1985

DEPARTMENT OF COMMUNITY AFFAIRS
BUREAU OF FINANCIAL REGULATION AND ASSISTANCE
CAP CALCULATION: FOR 1985 BUDGET

MUNICIPALITY	COUNTY
Total General Appropriations for 1984	300
Exceptions:	
Less:	
Total Operations - Excluded from "CAPS"	303
Total Capital Improvements - Excluded from "CAPS"	313
Total Municipal Debt Service - Excluded from "CAPS"	315
Deferred Charges to Future Taxation - Unfunded	317
Emergency Authorizations - Excluded from "CAPS"	323
Transferred to Board of Education for the Use of Local Schools (R.S. 40:48-17.1 and 17.3)	325
Cash Deficit of Preceding Year	327
Deficit in Dedicated Assessment Budget	329
Amount to be Raised by Taxation - Funded by Assessment Bonds	331
	332
Total of Type I District School Debt Service - Excluded from "CAPS"	335
Total of Deferred Charges and Statutory Expenditures - Local School - Excluded from "CAPS"	337
Reserve for Uncollected Taxes	338
Service Transferred to LPU, LPA, or SPD in 1984	340
Other:	
	341
	341
	341
	341
Total Exceptions	350
Amount on which 5% CAP is applied	360
5% CAP	370
Allowable Operating Appropriations before additional Exceptions per (N.J.S. 40A:4-45.3)	380

CAP BANKING CALCULATION

FOR 1985 BUDGET

MUNICIPALITY _____

COUNTY _____

1983 BANK

BALANCE 12-31-83

\$ _____

AMOUNT UTILIZED IN 1984 BUDGET

\$ _____

*BALANCE AVAILABLE FOR 1985 BUDGET

\$ _____

1984 BANK

ALLOWABLE OPERATING APPROPRIATIONS

APPROVED BUDGET H-1

AVAILABLE FOR BANKING

*IF NOT UTILIZED IN THE 1985 BUDGET, AVAILABLE AMOUNT WILL EXPIRE PER
N.J.S.A. 40A:4-45.15.

