

## CHAPTER 92

**AN ACT** authorizing municipalities operating under the State fiscal year to revert to a calendar fiscal year, amending and supplementing P.L.1991, c.75.

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

1. Section 2 of P.L.1991, c.75 (C.40A:4-3.1) is amended to read as follows:

C.40A:4-3.1 Municipalities, operation under State, calendar fiscal year.

2. a. Except as provided in subsection b. or c. of this section, any municipality operating under the State fiscal year as of January 1, 1997 shall continue to operate under the State fiscal year; and any municipality which was required to change to the State fiscal year but failed to implement the change shall continue to operate under the calendar year fiscal year.

b. Any municipality may apply to the Local Finance Board for approval to convert to the State fiscal year, and the Board shall approve the conversion if it finds it is in the interest of the taxpayers of the municipality to change. Any municipality whose fiscal year is changed pursuant to this section shall prepare a transition year budget to cover the period between January 1 and June 30 prior to the beginning of its first State fiscal year.

c. A municipality operating under the State fiscal year, and which has adopted an ordinance pursuant to subsection b. of section 3 of P.L.1991, c.75 (C.40A:4-3.2) (as amended by section 2 of P.L.2008, c.92), may apply to the Local Finance Board for approval to revert to a calendar fiscal year, commencing on January 1 of the succeeding calendar year. The Board shall approve the reversion after verification that ordinances have properly been adopted and that the municipality is poised to make a six-month transition year budget. A municipality that reverts to a calendar fiscal year pursuant to this subsection shall prepare a six-month transition year budget to cover the fiscal period between July 1 and December 31 immediately prior to the beginning of the calendar fiscal year.

A municipality that reverts to a calendar fiscal year pursuant to the provisions of this section shall:

- (1) not issue bonds, notes or any other form of borrowing to finance that reversion;
- (2) limit the municipal tax levy to an amount within the lower and upper amounts calculated by multiplying one-half the levy of the municipality for the current State fiscal year by .95 and 1.05, unless a different amount is approved by the director. The tax collector in consultation with the chief financial officer shall compute the estimated tax levy range for the municipality to use for the transition year;
- (3) limit total appropriations during the transition year budget to an amount within the lower and upper amounts calculated by multiplying one-half the total appropriations for the municipality for the current State fiscal year by .95 and 1.25, unless a different amount is approved by the director. The chief financial officer shall compute the estimated total appropriations range for the municipality to use for the transition year.

2. Section 3 of P.L.1991, c.75 (C.40A:4-3.2) is amended to read as follows:

C.40A:4-3.2 Adoption of State, calendar fiscal year by ordinance.

3. a. Any municipality for which the fiscal year is not changed pursuant to section 2 of P.L.1991, c.75 (C.40A:4-3.1) may, by ordinance, adopt a State fiscal year. The ordinance shall be introduced prior to or concurrently with the introduction of the municipal budget to take effect in the current calendar year, except that in the first year following the effective date of P.L.1991, c.75 (C.40A:4-3.1 et al.), the director shall establish the last date for

introduction of the ordinance. The ordinance may be introduced and adopted according to the same time schedule as the annual budget of the municipality, which shall be a transition year budget, and shall be filed with the director upon final adoption. The ordinance shall not be subject to referendum.

b. A municipality operating under the State fiscal year pursuant to an ordinance adopted pursuant to subsection a. of this section may, by ordinance, revert to a calendar fiscal year. After the adoption of the ordinance authorizing the reversion to a calendar fiscal year, the municipality shall apply to the Local Finance Board for approval to revert to a calendar fiscal year, commencing on January 1 of the succeeding calendar year. The Board shall approve the reversion after verification that ordinances have properly been adopted and that the municipality is poised to make a six-month transition year budget. A municipality that reverts to a calendar fiscal year pursuant to this subsection shall prepare a six-month transition year budget to cover the period between July 1 and December 31 immediately prior to the beginning of the calendar fiscal year.

A municipality that reverts to a calendar fiscal year pursuant to the provisions of this section shall:

- (1) not issue bonds, notes or any other form of borrowing to finance that reversion;
- (2) limit the municipal tax levy to an amount within the lower and upper amounts calculated by multiplying one-half the levy of the municipality for the current State fiscal year by .95 and 1.05, unless a different amount is approved by the director. The tax collector in consultation with the chief financial officer shall compute the estimated tax levy range for the municipality to use for the transition year;
- (3) limit total appropriations during the transition year budget to an amount within the lower and upper amounts calculated by multiplying one-half the total appropriations for the municipality for the current State fiscal year by .95 and 1.25, unless a different amount is approved by the director. The chief financial officer shall compute the estimated total appropriations range for the municipality to use for the transition year.

C.40A:4-3.5 Actions by director.

3. The Director of the Division of Local Government Services in the Department of Community Affairs shall take such action as the director deems necessary and consistent with the intent of P.L.2008, c.92 (C.40A:4-3.5 et al.) to implement its provisions.

4. This act shall take effect immediately.

Approved October 1, 2008.