

CHAPTER 149

AN ACT concerning limitations on local budget increases and amending P.L.1976, c.68.

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

1. Section 2 of P.L.1976, c.68 (C.40A:4-45.2) is amended to read as follows:

C.40A:4-45.2 Limitation on increase of appropriations.

2. For local budget years beginning on or after July 1, 2004 municipalities and counties shall be prohibited from increasing their final appropriations by more than 2.5% or the cost-of-living adjustment, whichever is less, over the previous year, except within the provisions set forth hereunder.

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:

- (1) 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, and

- (2) payments in lieu of taxes on a parcel of land received on or after January 1, 2007 pursuant to the terms of a financial agreement under the "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et seq.), less any amounts remitted by a municipality to a county pursuant to subsection b. of section 12 of P.L.1991, c.431 (C.40A:20-12);

- b. (Deleted by amendment, P.L.1990, c.89.)

- c. Amounts approved by referendum, pursuant to section 1 of P.L.1979, c.268 (C.40A:4-45.3a) and section 2 of P.L.1983, c.312 (C.40A:4-45.19);

- d. (Deleted by amendment, P.L.1990, c.89.)

- e. Expenditures for the assumption of any service or function of a local public utility, a local public authority, or a special purposes district, as approved by the Local Finance Board pursuant to section 3 of P.L.1983, c.49 (C.40A:4-45.13).

For the 1991 local budget year, the final appropriations from the prior year shall be the total appropriations for the 1990 budget year. In each local budget year in which any service, function, or portion thereof, is transferred to, or assumed by, the State or federal government from a municipal government, the municipality shall deduct from its final appropriations upon which its permissible expenditures are calculated the amount which the municipality expended for that service or function during the last full budget year, or portion thereof, throughout which the service or function so transferred was funded from appropriations in the municipal budget.

In each budget year subsequent to 1990, whenever any municipality 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 budget, the municipality shall deduct from its final appropriations upon which its permissible expenditures are calculated pursuant to this section the amount which the municipality 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 budget.

2. This act shall take effect immediately and shall be first applicable to local budgets introduced in the 2009 calendar fiscal year and the 2010 State fiscal year, as appropriate, in computing a municipality's final appropriations for the previous year.

Approved November 20, 2009.