

**SENATE, No. 4272**

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**STATE OF NEW JERSEY**  
**218th LEGISLATURE**

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INTRODUCED DECEMBER 5, 2019

**Sponsored by:**

**Senator NILSA CRUZ-PEREZ**

**District 5 (Camden and Gloucester)**

**SYNOPSIS**

Extends economic recovery term under “Municipal Rehabilitation and Economic Recovery Act.”

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning municipal rehabilitation and economic recovery  
2 and amending P.L.2002, c.43.

3

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

6

7 1. Section 3 of P.L.2002, c.43 (C.52:27BBB-3) is amended to  
8 read as follows:

9 3. As used in this act:

10 "Authority" means the New Jersey Economic Development  
11 Authority established pursuant to P.L.1974, c.80 (C.34:1B-1 et  
12 seq.).

13 "Board" means the State Economic Recovery Board established  
14 pursuant to section 36 of P.L.2002, c.43 (C.52:27BBB-36).

15 "Chief operating officer" means that person appointed pursuant  
16 to P.L.2002, c.43 (C.52:27BBB-1 et al.) responsible for  
17 reorganizing governmental operations of a qualified municipality in  
18 order to assure the delivery of essential municipal services and the  
19 professional administration of that municipal government.

20 "Commissioner" means the Commissioner of Community  
21 Affairs.

22 "Contiguous with" means within.

23 "Director" means the Director of the Division of Local  
24 Government Services in the Department of Community Affairs.

25 "Economic recovery term" means the period commencing with  
26 the expiration of the term of the chief operating officer and  
27 terminating **[10]** 15 years thereafter.

28 "In consultation with" means with consideration of the input of,  
29 or the advice of, the mayor, governing body, chief operating officer  
30 or director, as the case may be, without regard to the form or  
31 manner of the consultation.

32 "Local Finance Board" means the Local Finance Board of the  
33 Division of Local Government Services in the Department of  
34 Community Affairs.

35 "Mayor" means the mayor or chief executive officer of the  
36 municipality, as appropriate to the form of government.

37 "Project" means: (1) (a) acquisition, construction, reconstruction,  
38 repair, alteration, improvement and extension of any building,  
39 structure, facility, including water transmission facilities or other  
40 improvement, whether or not in existence or under construction, (b)  
41 purchase and installation of equipment and machinery, (c)  
42 acquisition and improvement of real estate and the extension or  
43 provision of utilities, access roads and other appurtenant facilities;  
44 and (2) (a) the acquisition, financing, or refinancing of inventory,  
45 raw materials, supplies, work in process, or stock in trade, or (b) the  
46 financing, refinancing or consolidation of secured or unsecured

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 debt, borrowings, or obligations, or (c) the provision of financing  
2 for any other expense incurred in the ordinary course of business;  
3 all of which are to be used or occupied by any person in any  
4 enterprise promoting employment, either for the manufacturing,  
5 processing or assembly of materials or products, or for research or  
6 office purposes, including, but not limited to, medical and other  
7 professional facilities, or for industrial, recreational, hotel or motel  
8 facilities, public utility and warehousing, or for commercial and  
9 service purposes, including, but not limited to, retail outlets, retail  
10 shopping centers, restaurant and retail food outlets, and any and all  
11 other employment promoting enterprises, including, but not limited  
12 to, motion picture and television studios and facilities and  
13 commercial fishing facilities, commercial facilities for recreational  
14 fishermen, fishing vessels, aquaculture facilities and marketing  
15 facilities for fish and fish products and (d) acquisition of an equity  
16 interest in, including capital stock of, any corporation; or any  
17 combination of the above, which the authority determines will: (i)  
18 tend to maintain or provide gainful employment opportunities  
19 within and for the people of the State, or (ii) aid, assist and  
20 encourage the economic development or redevelopment of any  
21 political subdivision of the State, or (iii) maintain or increase the  
22 tax base of the State or of any political subdivision of the State, or  
23 (iv) maintain or diversify and expand employment promoting  
24 enterprises within the State; and (3) the cost of acquisition,  
25 construction, reconstruction, repair, alteration, improvement and  
26 extension of an energy saving improvement or pollution control  
27 project which the authority determines will tend to reduce the  
28 consumption in a building devoted to industrial or commercial  
29 purposes, or in an office building, of nonrenewable sources of  
30 energy or to reduce, abate or prevent environmental pollution  
31 within the State; and (4) the acquisition, construction,  
32 reconstruction, repair, alteration, improvement, extension,  
33 development, financing or refinancing of infrastructure and  
34 transportation facilities or improvements related to economic  
35 development and of cultural, recreational and tourism facilities or  
36 improvements related to economic development and of capital  
37 facilities for primary and secondary schools and of mixed use  
38 projects consisting of housing and commercial development; and  
39 (5) the establishment, acquisition, construction, rehabilitation,  
40 improvement, and ownership of port facilities as defined in section  
41 3 of P.L.1997, c.150 (C.34:1B-146). Project may also include:  
42 reimbursement to any person for costs in connection with any  
43 project, or the refinancing of any project or portion thereof, if such  
44 actions are determined by the authority to be necessary and in the  
45 public interest to maintain employment and the tax base of any  
46 political subdivision and likely to facilitate improvements or the  
47 completion of the project; and developing property and any  
48 construction, reconstruction, improvement, alteration, equipment or

1 maintenance or repair, or planning and designing in connection  
2 therewith. For the purpose of carrying out mixed use projects  
3 consisting of both housing and commercial development, the  
4 authority may enter into agreements with the New Jersey Housing  
5 and Mortgage Finance Agency for loan guarantees for any such  
6 project in accordance with the provisions of P.L.1995, c.359  
7 (C.55:14K-64 et al.), and for that purpose shall allocate to the New  
8 Jersey Housing and Mortgage Finance Agency, under such  
9 agreements, funding available pursuant to subsection a. of section 4  
10 of P.L.1992, c.16 (C.34:1B-7.13). "Project" shall not include a  
11 school facilities project.

12 "Qualified municipality" means a municipality: (1) that has been  
13 subject to the supervision of a financial review board pursuant to  
14 the "Special Municipal Aid Act," P.L.1987, c.75 (C.52:27D-118.24  
15 et seq.) for at least one year; (2) that has been subject to the  
16 supervision of the Local Finance Board pursuant to the "Local  
17 Government Supervision Act (1947)," P.L.1947, c.151 (C.52:27BB-  
18 1 et seq.) for at least one year; and (3) which, according to its most  
19 recently adopted municipal budget, is dependent upon State aid and  
20 other State revenues for not less than 55 percent of its total budget.

21 "Regional Impact Council" or "council" means that body  
22 established pursuant to section 39 of P.L.2002, c.43 (C.52:27BBB-  
23 39).

24 "Rehabilitation term" means that period during which the  
25 qualified municipality is under the direction of the chief operating  
26 officer appointed pursuant to section 7 of P.L.2002, c.43  
27 (C.52:27BBB-7).

28 "Special arbitrator" means that judge designated by the Chief  
29 Justice pursuant to section 5 of P.L.2002, c.43 (C.52:27BBB-5).

30 "State supervision" means supervision pursuant to Article 4 of  
31 the "Local Government Supervision Act (1947)," P.L.1947, c.151  
32 (C.52:27BB-54 et seq.).

33 "Treasurer" or "State treasurer" means the Treasurer of the State  
34 of New Jersey.

35 "Under rehabilitation and economic recovery" means that period  
36 which coincides with the rehabilitation term and the economic  
37 recovery term.

38 (cf: P.L.2014, c.60, s.1)

39

40 2. Section 6 of P.L.2002, c.43 (C.52:27BBB-6) is amended to  
41 read as follows:

42 6. a. Upon the appointment of a chief operating officer pursuant  
43 to section 7 of P.L.2002, c.43 (C.52:27BBB-7), a qualified  
44 municipality shall be under rehabilitation and economic recovery.  
45 This period shall begin with the assumption of job responsibilities  
46 by the chief operating officer pursuant to this section and terminate  
47 **[five]** 15 years following the end of the term of the chief operating  
48 officer. The period corresponding with the term of the chief

1 operating officer shall be referred to hereinafter as the rehabilitation  
2 term. The period commencing with the expiration of the term of the  
3 chief operating officer and terminating **[10]** 15 years thereafter  
4 shall be referred to hereinafter as the economic recovery term.

5 b. (1) During the economic recovery term, the mayor shall  
6 exercise those powers delegated to the mayor pursuant to the form  
7 of government, the charter and the administrative code of the  
8 municipality, and those powers delegated to the mayor under  
9 general law. In addition, during the economic recovery term, the  
10 mayor shall retain the power to veto the minutes of any independent  
11 board or authority, including, but not limited to, the housing  
12 authority, parking authority, redevelopment authority, planning  
13 board and board of adjustment. No action taken at any meeting of  
14 any independent board or authority shall have force or effect until  
15 10 days, exclusive of Saturdays, Sundays and public holidays, after  
16 the copy of the minutes shall have been delivered to the mayor. If,  
17 in that 10-day period, the mayor returns the copy of the minutes  
18 with a veto of any action taken by the board or authority at the  
19 meeting, that action shall be null and void and of no force and  
20 effect. Following the completion of the 10-day period, those  
21 actions not vetoed shall be considered approved.

22 (2) During the first 18 months of the economic recovery term,  
23 the mayor shall have the power to veto or terminate any  
24 employment contract not subject to a collective bargaining  
25 agreement, whether or not subject to Title 11A, Civil Service, of the  
26 New Jersey Statutes. This shall not apply to employment contracts  
27 under extension pursuant to terms under the expired contract.

28 (3) The mayor shall cause to be issued a final report on the  
29 progress of the municipality toward achieving municipal  
30 rehabilitation and economic recovery, as set forth in section 8 of  
31 P.L.2002, c.43 (C.52:27BBB-8) at the end of the economic recovery  
32 term.

33 (4) The mayor shall authorize the municipal planning board,  
34 from time to time, to prepare a program of municipal capital  
35 improvement projects projected over a term of at least six years,  
36 and amendments thereto. The program may include current and  
37 future major projects being, or to be, undertaken with federal, State,  
38 county, or other public funds, or under federal, State, or county  
39 supervision. The first year of the program shall, upon adoption by  
40 the governing body, constitute the capital budget of the  
41 municipality as required by N.J.S.40A:4-43 et seq. The program  
42 shall classify projects in regard to the urgency and need for  
43 realization, and shall recommend a time sequence for their  
44 implementation. The program may also contain the estimated cost  
45 of each project and indicate probable operating and maintenance  
46 costs and probable revenues, if any, as well as existing sources of  
47 funds, or the need for additional sources of funds, for the  
48 implementation and operation of each project. The program shall,

1 as far as possible, be based on existing information in the  
2 possession of the departments and agencies of the municipality and  
3 shall take into account public facility needs indicated by the  
4 prospective development shown in the master plan of the  
5 municipality or as permitted by other municipal land use controls.

6 (5) While the municipality is under rehabilitation and economic  
7 recovery, the mayor shall retain the power to make those  
8 appointments to municipal authorities, boards or commissions, as  
9 the case may be, which is otherwise allocated to the mayor pursuant  
10 to law.

11 The mayor may retain staff for the purpose of advising the mayor  
12 and aiding in the performance of constituent services during the  
13 rehabilitation term.

14 (6) The Director of the Division of Local Government Services  
15 in the Department of Community Affairs shall annually conduct a  
16 compliance audit of the activities of a qualified municipality during  
17 the economic recovery term to ensure compliance with P.L.2002,  
18 c.43 (C.52:27BBB-1 et al.) and other relevant State laws and shall  
19 report the findings to the Local Finance Board and the mayor.

20 (7) The financial incentives set forth in sections 54 through 56  
21 of P.L.2002, c.43 (C.52:27BBB-53 through 55) shall remain in  
22 effect until the municipality is no longer eligible for financial  
23 assistance pursuant to the "Special Municipal Aid Act," P.L.1987,  
24 c.75 (C.52:27D-118.24 et seq.).

25 c. Upon the assumption of job responsibilities by the chief  
26 operating officer, the financial review board created pursuant to  
27 section 5 of P.L.1999, c.156 (C.52:27D-118.30a) to oversee the  
28 finances of the municipality shall cease to function and the  
29 municipality shall cease to be under supervision pursuant to Article  
30 4 of P.L.1947, c.151 (C.52:27BB-54 et seq.).

31 All outstanding debts or obligations incurred by a qualified  
32 municipality or the New Jersey Housing and Mortgage Finance  
33 Agency established pursuant to section 4 of the "New Jersey  
34 Housing and Mortgage Finance Agency Law of 1983," P.L.1983,  
35 c.530 (C.55:14K-4) and secured by a right of first refusal on  
36 municipally-owned property as of 10 days following a  
37 determination by the commissioner that the municipality fulfills the  
38 definition of a qualified municipality pursuant to section 4 of  
39 P.L.2002, c.43 (C.52:27BBB-4), with any subsidiary of that agency  
40 with jurisdiction in a qualified municipality, other than those debts  
41 or obligations represented by bonds or other negotiable instruments,  
42 are forgiven.

43 Notwithstanding the termination of the financial review board  
44 and supervision, all memorandums of understanding entered into by  
45 the municipality as a condition of receiving assistance under  
46 P.L.1987, c.75 (C.52:27D-118.24 et seq.) that require the  
47 municipality to implement any government, administrative,  
48 operational efficiency or oversight measures necessary for the fiscal

1 recovery of the municipality as recommended by the director and  
2 approved by the Local Finance Board shall continue to have full  
3 force and effect.

4 During the rehabilitation term, the chief operating officer shall  
5 be responsible for entering into any memorandum of understanding  
6 on behalf of the qualified municipality that is required as a  
7 condition of receiving assistance under P.L.1987, c.75 (C.52:27D-  
8 118.24 et seq.), or any other law; provided, however, that those  
9 memoranda of understanding shall be consistent with the provisions  
10 of P.L.2002, c.43 (C.52:27BBB-1 et al.) and P.L.2007, c.176  
11 (C.52:27BBB-2.2 et al.), and the powers of the chief operating  
12 officer granted pursuant thereto. Any such memoranda of  
13 understanding shall be executed between the chief operating officer  
14 and the Director of the Division of Local Government Services in  
15 the Department of Community Affairs. Whenever the powers and  
16 duties of the chief operating officer have devolved upon the director  
17 pursuant to subsection b. of section 7 of P.L.2002, c.43  
18 (C.52:27BBB-7), the memorandum of understanding shall be  
19 executed between the director, on behalf of the qualified  
20 municipality, and the State Treasurer, on behalf of the State.  
21 (cf: P.L.2014, c.60, s.2)

22

23 3. This act shall take effect immediately.

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25

26

#### STATEMENT

27

28 This bill extends the economic recovery term established under  
29 the “Municipal Rehabilitation and Economic Recovery Act,”  
30 (“MRERA”) P.L.2002, c.43 (C.52:27BBB-1 et al.), by five years.

31 In 2002, the State enacted the MRERA to establish special  
32 governing procedures, economic benefits, and fiscal oversight  
33 measures to stabilize the finances of qualified municipalities that  
34 experienced long-term fiscal distress. The City of Camden was the  
35 only municipality to qualify under the act.

36 Specifically, the MRERA established two distinct periods of  
37 fiscal oversight: (1) the rehabilitation term, during which time the  
38 municipality is subject to direct oversight by a chief operating  
39 officer appointed by the State; and (2) the economic recovery term,  
40 during which time the municipality is no longer overseen by the  
41 chief operating officer, but remains subject to certain additional  
42 forms of State oversight. Under current law, the economic recovery  
43 term would conclude 10 years following the termination of the chief  
44 operating officer, which occurred in January, 2010.

45 The bill instead provides that the economic recovery term would  
46 not conclude until 15 years following that termination.  
47 Consequently, the City of Camden would remain subject to the  
48 governing procedures, economic benefits, and fiscal oversight  
49 measures provided under the MRERA until January, 2025.