

P.L. 2025, CHAPTER 324, *approved January 20, 2026*
Senate, No. 4845 (*First Reprint*)

1 AN ACT concerning ¹**['certain extension of']**¹ the Municipal
2 Stabilization and Recovery Act and amending P.L.2016, c.4.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 4 of P.L.2016, c.4 (C.52:27BBBB-4) is amended to
8 read as follows:

9 4. a. The director may ascertain whether a municipality should be
10 deemed a municipality in need of stabilization and recovery. If the
11 director ascertains that a municipality should be deemed a
12 municipality in need of stabilization and recovery, the director shall
13 recommend that the commissioner make that determination. Within
14 **[7]** seven days of receipt of the director's recommendation, the
15 commissioner shall make the final determination of whether to deem
16 the municipality a municipality in need of stabilization and recovery
17 and subject to the provisions of P.L.2016, c.4 (C.52:27BBBB-1 et al.).
18 The commissioner shall notify the Governor, the State Treasurer, and
19 the director when a determination has been made and a municipality is
20 subject to the provisions of P.L.2016, c.4 (C.52:27BBBB-1 et al.).
21 The director shall then notify the municipal clerk, or other appropriate
22 municipal official of the municipality, in writing, of the determination.
23 A municipality in need of stabilization and recovery shall be subject to
24 the provisions of P.L.2016, c.4 (C.52:27BBBB-1 et al.) until the end of
25 the recovery plan adopted pursuant to subsection b. of this section and
26 approved by the commissioner pursuant to subsection c. of this
27 section, or until the first day of the **[109th]** ¹**[169th]** 181st¹ month
28 next following the date on which the municipality becomes subject to
29 the requirements and provisions of sections 5 through 11, 14, 16, and
30 17 of P.L.2016, c.4 (C.52:27BBBB-5 et al.), as applicable.

31 b. Not later than 150 days next following the commissioner's final
32 determination that a municipality is in need of stabilization and
33 recovery, the governing body of the municipality in need of
34 stabilization and recovery shall prepare and adopt a resolution
35 containing a **[nine-year]** ¹**[fourteen-year]** fifteen-year¹ recovery plan,
36 commencing on the first day of the first fiscal year of the municipality
37 next following the enactment of P.L.2016, c.4 (C.52:27BBBB-1 et al.),
38 that is sufficient to effectuate the financial stability of the municipality.
39 The recovery plan shall establish processes and identify specific
40 actions undertaken by the municipality following the determination

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Senate SBA committee amendments adopted December 8, 2025.

1 that it is a municipality in need of stabilization and recovery pursuant
2 to subsection a. of this section, and actions to be undertaken by the
3 municipality if the recovery plan is approved pursuant to subsection c.
4 of this section. The recovery plan shall include a proposed balanced
5 budget for the first fiscal year of the municipality next following the
6 enactment of P.L.2016, c.4 (C.52:27BBBB-1 et al.), which shall be
7 consistent with the "Local Budget Law," N.J.S.40A:4-1 et seq., except
8 as otherwise stated in this subsection. There shall be no requirement
9 for the proposed balanced budget to identify amounts outstanding,
10 including accrued interest, on any obligation to the State of New
11 Jersey, including any office, department, division, bureau, board,
12 commission, or agency of the State, for deferred pension and health
13 benefit payments for the first fiscal year of the municipality prior to
14 the enactment of P.L.2016, c.4 (C.52:27BBBB-1 et al.). For the
15 purposes of the proposed budget prepared pursuant to this subsection,
16 the municipality in need of stabilization and recovery is not required to
17 appropriate the total amount necessary for the extinguishment of all
18 outstanding property tax appeal debt. For the purposes of the proposed
19 budget prepared pursuant to this subsection, the municipality in need
20 of stabilization and recovery shall identify and account for the loss in
21 revenue from any anticipated set-offs arising from all such property
22 tax appeal debt or identify and appropriate for any amounts owed in
23 the first fiscal year of the municipality next following the enactment of
24 P.L.2016, c.4 (C.52:27BBBB-1 et al.) for the continued repayment of
25 debts related to all property tax appeals settled by the municipality. To
26 effectuate financial stability, in addition to the proposed balanced
27 budget, the recovery plan shall include detailed processes to:

28 (1) achieve sustainable net reductions in the municipality's general
29 appropriations to be commensurate with revenues anticipated in the
30 proposed budget;

31 (2) ensure that the municipality remits to the county in which it is
32 located the full amount of all property taxes or payments in lieu of
33 property taxes owed by law to the county on the dates on which the
34 payments are due;

35 (3) ensure that the municipality remits to the school district serving
36 the municipality the full amount of all property taxes or payments in
37 lieu of property taxes owed by law to the school district on the dates
38 the payments are due;

39 (4) schedule for the repayment of debts, including any accrued
40 interest, as of the date of the commissioner's determination pursuant to
41 subsection a. of this section, including, without limitation, any money
42 owed to the State of New Jersey, including any office, department,
43 division, bureau, board, commission, or agency of the State, for
44 deferred pension and health benefits payments;

45 (5) account for future payments on bonded debt and unbonded
46 debt, including, without limitation, any general obligation bonds,
47 refunding bonds, pension refunding bonds, tax appeal bonds, and
48 unbonded tax appeal settlements, obligations, liens, or judgments

known to the municipality as of the date of the commissioner's determination pursuant to subsection a. of this section;

(6) account for future payments on any off balance sheet liabilities of the municipality known to the municipality as of the date of the commissioner's determination pursuant to subsection a. of this section;

(7) ensure the repayment of the loan in accordance with section 18 of P.L.2016, c.4 (C.52:27BBBB-16), including accrued interest; and

(8) increase the municipality's revenues, including, without limitation, through the establishment of long-term economic and land use development strategies.

c. The recovery plan shall be submitted by the governing body to the commissioner. The commissioner, within five business days next following the day of receipt of the plan, shall determine, in the commissioner's sole and exclusive discretion, whether the recovery plan is likely or is not likely to achieve financial stability for the municipality. If the commissioner determines that the recovery plan is likely to achieve financial stability for the municipality, the plan shall be effective and the provisions of sections 5 through 11, 14, 16, and 17 of P.L.2016, c.4 (C.52:27BBBB-5 through C.52:27BBBB-9, C.52:27BBBB-12, C.52:27BBBB-14, and C.52:27BBBB-15) shall not be applicable with respect to the municipality in need of stabilization and recovery. If the commissioner determines that the recovery plan is likely to achieve financial stability for the municipality, the plan shall be implemented beginning on the first day of the first fiscal year of the municipality next following the enactment of P.L.2016, c.4 (C.52:27BBBB-1 et al.) and the municipality in need of stabilization and recovery shall strictly comply with the recovery plan. If the commissioner determines that the plan is not likely to achieve financial stability for the municipality, if the municipality fails to submit a plan, if the commissioner determines that the municipality is not strictly complying with a recovery plan approved by the commissioner pursuant to this subsection, or if the commissioner determines that a recovery plan approved by the commissioner pursuant to this subsection is no longer likely to achieve financial stability, the municipality shall be immediately subject to the requirements and provisions of sections 5 through 11, 14, 16, and 17 of P.L.2016, c.4 (C.52:27BBBB-5 et al.) for as long as the municipality is deemed a municipality in need of stabilization and recovery.

(cf: P.L.2021, c.124, s.1)

¹2. Section 5 of P.L.2016, c.4 (C.52:27BBBB-5) is amended to read as follows:

5. a. (1) Notwithstanding the provisions of any law, rule, or regulation to the contrary, if the municipality in need of stabilization and recovery fails to submit a plan, if the commissioner has determined pursuant to subsection c. of section 4 of P.L.2016, c.4 (C.52:27BBBB-4) that the recovery plan is not likely to achieve financial stability for the municipality in need of stabilization and

1 recovery, if the commissioner determines that the municipality is not
2 strictly complying with a recovery plan approved by the commissioner
3 pursuant to subsection c. of section 4 of P.L.2016, c.4 (C.52:27BBBB-
4 4), or if the commissioner determines that a recovery plan approved by
5 the commissioner pursuant to subsection c. of section 4 of P.L.2016,
6 c.4 (C.52:27BBBB-4) is no longer likely to achieve financial stability,
7 the Local Finance Board may, in its exclusive discretion at any time
8 during which the municipality is deemed a municipality in need of
9 stabilization and recovery, assume and reallocate to, and vest
10 exclusively in the director any of the functions, powers, privileges, and
11 immunities of the governing body of that municipality set forth in any
12 statute, regulation, ordinance, resolution, charter, or contract to which
13 the municipality is a party that are, or may be, substantially related to
14 the fiscal condition or financial rehabilitation and recovery of that
15 municipality. The duration of the transfer of the functions, powers,
16 privileges, and immunities of the governing body shall not exceed the
17 duration of the time the municipality is deemed a municipality in need
18 of stabilization and recovery.

19 (2) In the event the Local Finance Board assumes and reallocates
20 to the director any function, power, privilege, or immunity of the
21 governing body of a municipality in need of stabilization and recovery
22 set forth in a contract to which that municipality is a party, the
23 municipality shall remain the party to the contract and neither the
24 Local Finance Board nor the director shall assume any contractual
25 obligations or liability arising out of that contract or be subject to any
26 claim for breach of that contract or any other claim related to that
27 contract. Any actions or steps taken by the director under P.L.2016,
28 c.4 (C.52:27BBBB-1 et al.) shall be deemed to be by, and on behalf of,
29 the municipality in need of stabilization.

30 (3) The authorities granted to the director by the Local Finance
31 Board pursuant to this section shall extend to any and all actions that,
32 in the exclusive discretion of the director, may help stabilize the
33 finances, restructure the debts, or assist in the financial rehabilitation
34 and recovery of the municipality in need of stabilization and recovery.
35 Notwithstanding the provisions of any other law, rule, regulation, or
36 contract to the contrary, except for the provisions of Title 11A, Civil
37 Service as may be applicable to actions taken after the effective date of
38 P.L.2021, c.124 (C.52:27BBBB-4 et al.), the director shall have the
39 authority to take any steps to stabilize the finances, restructure the
40 debts, or assist in the financial rehabilitation and recovery of the
41 municipality in need of stabilization and recovery, including, but not
42 limited to:

43 (a) implementing governmental, administrative, and operational
44 efficiency and oversight measures;

45 (b) dissolving, terminating, transferring, abolishing, or otherwise
46 disposing of any municipal authority, board, commission, or
47 department, or any function thereof; provided, however, that no such
48 action shall be taken until adequate provision has been made for the

1 payment of the creditors or obligees of the entity to be impacted unless
2 otherwise permitted by law. This shall include the power to take any
3 steps required of the governing body under applicable laws, including
4 but not limited to the "municipal and county utilities authorities law,"
5 P.L.1957, c.183 (C.40:14B-1 et seq.), the "Local Authorities Fiscal
6 Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.), the "Water
7 Infrastructure Protection Act," P.L.2015, c.18 (C.58:30-1 et seq.), the
8 "Local Redevelopment and Housing Law," P.L.1992, c.79
9 (C.40A:12A-1 et seq.), and the "Municipal Land Use Law," P.L.1975,
10 c.291 (C.40:55D-1 et seq.), including, but not limited to, and
11 notwithstanding P.L.2011, c.18 (C.5:12-218 et al.), the authority of the
12 director to facilitate the realignment and reorganization of the
13 municipality's zoning or planning boards, and to establish procedures
14 and practices that, in the director's discretion, enhance, streamline, and
15 improve the municipality's redevelopment processes, including
16 facilitating the appointment and retention of a master developer to
17 assist in the redevelopment process. To the extent that the Local
18 Finance Board or the director exercise any powers under the "Local
19 Authorities Fiscal Control Law," P.L.1983, c.313 (C.40A:5A-1 et seq.)
20 with respect to any municipal authority or municipal public utility in
21 the municipality in need of stabilization and recovery;

22 (c) vetoing the minutes of the governing body of the municipality
23 in need of stabilization and recovery, any board, commission, or
24 department of the municipality in need of stabilization and recovery,
25 and any independent board or authority in the municipality in need of
26 stabilization and recovery, including, but not limited to, the housing
27 authority, parking authority, redevelopment authority, Casino
28 Reinvestment Development Authority, if applicable as related to the
29 master plan in the municipality in need of stabilization and recovery,
30 planning board, and zoning board of adjustment. A true copy of the
31 minutes of every meeting of the governing body and any board,
32 commission, department, or independent board, or authority shall be
33 delivered forthwith, by and under the certification of the secretary
34 thereof, to the director. No action taken at the meeting shall have
35 force or effect until 15 business days after a copy of the minutes have
36 been so delivered to the director, unless during this 15-day period the
37 director shall approve in writing the minutes or any part thereof, in
38 which case the action shall become effective upon approval. If, within
39 that 15-day period, the director returns a copy of the minutes with a
40 veto of any action taken by the governing body, board, commission,
41 department, or independent board or authority, or any member thereof
42 at the meeting, the action shall be null and void and of no effect. The
43 director may approve all or part of the action taken at a meeting;

44 (d) controlling litigation and the municipality's legal affairs,
45 including, but not limited to, suing in the municipality's corporate
46 name; prosecuting, defending, and resolving litigation, arbitration,
47 disputes, and controversies; and retaining and directing municipal

1 corporation counsel and other special counsel as the director may
2 deem appropriate;

3 (e) selling, conveying, leasing, monetizing, or otherwise disposing
4 of any interest in any municipally-owned assets, including but not
5 limited to, any water, sewer, wastewater, and storm water
6 infrastructure, equipment or facilities, services, and in any real
7 property, including any improvements thereon; provided that the
8 director shall not sell, convey, lease, monetize, or otherwise dispose of
9 any municipally-owned water asset pursuant to an agreement with a
10 private entity until one year after the effective date of P.L.2016, c.4
11 (C.52:27BBBB-1 et al.) to allow the municipality in need of
12 stabilization and recovery to maximize the value of that asset;

13 (f) amending or terminating any existing contracts or agreements,
14 which shall not include bonds, notes, indentures, or other similar
15 financing instruments and documents to which the municipality is a
16 party, in accordance with the terms thereof; or unilaterally amending
17 or terminating any contracts or agreements which shall not include
18 bonds, notes, indentures, or other similar financing instruments and
19 documents to which the municipality is a party, provided that the
20 director determines that the unilateral termination or amendment is
21 reasonable and directly related to stabilizing the finances or assisting
22 with the fiscal rehabilitation and recovery of the municipality in need
23 of stabilization and recovery;

24 (g) unilaterally modifying, amending, or terminating any collective
25 negotiations agreements, except those related to school districts, to
26 which the municipality is a party, or unilaterally modifying, amending,
27 or terminating the terms and conditions of employment during the term
28 of any applicable collective negotiations agreement, or both, provided
29 that the director determines that the modifications, amendments, or
30 terminations are reasonable and directly related to stabilizing the
31 finances or assisting with the fiscal rehabilitation and recovery of the
32 municipality in need of stabilization and recovery;

33 (h) acting as the sole agent in collective negotiations on behalf of
34 the municipality in need of stabilization and recovery;

35 (i) with respect to any expired collective negotiations agreement to
36 which the municipality in need of stabilization and recovery is a party,
37 unilaterally modifying wages, hours, or any other terms and conditions
38 of employment;

39 (j) unilaterally abolishing any non-elected positions in the
40 municipality in need of stabilization and recovery at any time. All of
41 the functions, powers, and duties of abolished positions shall be
42 exercised or delegated by the director;

43 (k) unilaterally appointing, transferring, or removing employees of
44 the municipality in need of stabilization and recovery, including, but
45 not limited to, department heads and division heads, as the case may
46 be, but excluding appointed officials who have obtained tenure in
47 office;

1 (l) acting as the appropriate authority, including, without
2 limitation, the appointing authority, for purposes of Title 40A of the
3 New Jersey Statutes;

4 (m) entering into any agreement with the county in which the
5 municipality in need of stabilization and recovery is located, any of the
6 other municipalities located in that county, or any instrumentality of
7 the State to share or consolidate municipal services pursuant to any
8 law applicable to consolidation or sharing of services, including,
9 without limitation, the "Uniform Shared Services and Consolidation
10 Act," P.L.2007, c.63 (C.40A:65-1 et al.) and P.L.2015, c.279
11 (C.40A:14-90.1 et al.);

12 (n) procuring any goods, services, commodities, information
13 technology, software, hardware, or other items on behalf of the
14 municipality in need of stabilization and recovery, in accordance with
15 either the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1
16 et seq.), or procurement laws applicable to the State, at the discretion
17 of the director;

18 (o) retaining any professionals on behalf of the municipality in
19 need of stabilization and recovery, including but not limited to a
20 master redeveloper or redevelopment consultant, and directing the
21 work of professionals or any professionals previously retained by the
22 municipality in need of stabilization and recovery, in accordance with
23 either the "Local Public Contracts Law," P.L.1971, c.198 (C.40A:11-1
24 et seq.) or procurement laws applicable to the State, at the discretion of
25 the director;

26 (p) retaining bond counsel, adopting bond ordinances to the extent
27 necessary, making appropriate bond applications, and taking any other
28 steps necessary to restructure and adjust debt, on behalf of the
29 municipality in need of stabilization and recovery;

30 (q) exercising on behalf of the municipality in need of stabilization
31 and recovery, notwithstanding P.L.2011, c.18 (C.5:12-218 et al.), any
32 authority granted to a municipality pursuant to the "Local
33 Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et
34 al.) when the director deems it necessary or appropriate to help
35 stabilize the finances, restructure the debts, or assist with the financial
36 rehabilitation and recovery of the municipality in need of stabilization
37 and recovery;

38 (r) exercising on behalf of the municipality in need of stabilization
39 and recovery any authority granted to a municipality pursuant to the
40 "Redevelopment Area Bond Financing Law," P.L.2001, c.310
41 (C.40A:12A-64 et seq.) when the director deems it necessary or
42 appropriate to help stabilize the finances, restructure the debts, or
43 assist with the financial rehabilitation and recovery of the municipality
44 in need of stabilization and recovery;

45 (s) exercising on behalf of the municipality in need of stabilization
46 and recovery any authority granted to a municipality pursuant to the
47 "Long Term Tax Exemption Law," P.L.1991, c.431 (C.40A:20-1 et
48 seq.) and the "Five-Year Exemption and Abatement Law," P.L.1991,

1 c.441 (C. 40A:21-1 et seq.) when the director deems it necessary or
2 appropriate to help stabilize the finances, restructure the debts, or
3 assist the financial rehabilitation and recovery of the municipality in
4 need of stabilization and recovery;

5 (t) authorizing and filing, on behalf of the municipality in need of
6 stabilization and recovery, subject only to the written approval of the
7 majority of the members of the legislative Joint Budget Oversight
8 Committee, a petition and other pleadings and papers with any United
9 States court or federal bankruptcy court for the purpose of effecting a
10 plan of readjustment or composition of debts as set forth in R.S.52:27-
11 40 et seq., and taking any other and further actions necessary or
12 appropriate in connection with any case or proceeding; and

13 (u) negotiating and executing any contracts, agreements, or other
14 documents on behalf of the municipality in need of stabilization and
15 recovery as may be necessary or appropriate to effectuate any of the
16 actions or steps specifically identified in P.L.2016, c.4
17 (C.52:27BBBB-1 et al.) or that may otherwise, as the director deems
18 necessary or appropriate, help stabilize the finances, restructure the
19 debts, or assist with the financial rehabilitation and recovery of the
20 municipality in need of stabilization and recovery.

21 (4) Subject to subsection b. of section 11 of P.L.2016, c.4
22 (C.52:27BBBB-9), the Local Finance Board may authorize the director
23 to take any action authorized to be taken under the "Local Bond Law,"
24 N.J.S.40A:2-1 et seq., and the "Municipal Qualified Bond Act,"
25 P.L.1976, c.38 (C.40A:3-1 et seq.) by a governing body of a local unit.

26 (5) The provisions of P.L.1941, c.100 (C.34:13A-1 et seq.), and
27 regulations promulgated thereunder, shall in no way infringe on the
28 authority of the Local Finance Board or the director set forth in this
29 section or any actions taken by the director pursuant to this section.

30 (6) Any function, power, privilege, or immunity of the municipal
31 governing body that is not assumed by the Local Finance Board and
32 reallocated to and vested exclusively in the director pursuant to this
33 section shall remain allocated to and vested in that governing body
34 unless and until such time as the function, power, privilege, immunity,
35 or duty may be allocated to and vested exclusively in the Local
36 Finance Board or the director pursuant to this section. The Local
37 Finance Board or the director may exercise any power implied or
38 incidental to a power that has been specifically allocated.

39 b. (1) Notwithstanding the provisions of any law, rule, or
40 regulation to the contrary, including any requirements set forth in
41 R.S.40:49-1 et seq., the "Senator Byron M. Baer Open Public
42 Meetings Act," P.L.1975, c.231 (C.10:4-6 et seq.), or R.S.52:27-41,
43 the director shall have the exclusive authority to pass, adopt, repeal, or
44 amend any ordinance or resolution of the municipality in need of
45 stabilization and recovery, modify any meeting agenda of the
46 governing body of the municipality in need of stabilization and
47 recovery, and negotiate, enter into, amend, or terminate any contract or
48 agreement, on behalf of the municipality in need of stabilization and

1 recovery, provided that the director deems the action necessary or
2 appropriate to help stabilize the finances, restructure the debts, or
3 assist with the financial rehabilitation and recovery of the municipality
4 in need of stabilization and recovery.

5 (2) When exercising powers under this section, the director shall,
6 to the extent practicable, comply with all notice, hearing, and other
7 requirements to which the municipality in need of stabilization and
8 recovery is generally subject, but in no instance shall the director be
9 deemed a "public body" pursuant to the "Senator Byron M. Baer Open
10 Public Meetings Act," P.L.1975, c.231 (C.10:4-6 et seq.).

11 (3) The director may issue to the appropriate elected and appointed
12 officials and employees, agents, and contractors of a municipality in
13 need of stabilization and recovery the orders that the director deems
14 appropriate to stabilize the finances, restructure the debts, or assist the
15 financial rehabilitation and recovery of the municipality in need of
16 stabilization and recovery pursuant to the authority granted by the
17 Local Finance Board pursuant to this section. Any order by the
18 director shall be binding on the appropriate elected and appointed
19 officials and employees, agents, and contractors of a municipality in
20 need of stabilization and recovery and may be enforced as other orders
21 of the director are enforced under general law.¹

22 (cf: P.L.2021, c.124, s.2)

23
24 ¹~~2.~~ ^{3.}¹ Section 17 of P.L.2016, c.4 (C.52:27BBBB-15) is
25 amended to read as follows:

26 17. The director or the director's designee shall attend the regularly
27 scheduled meetings of the municipal council in a municipality in need
28 of stabilization and recovery. On or before the first day of the ~~tenth~~
29 ¹~~15th~~ ^{16th}¹ year next following the determination that a
30 municipality is in need of stabilization and recovery pursuant to
31 section 4 of P.L.2016, c.4 (C.52:27BBBB-4), the director shall provide
32 a final report to the Governor and Legislature regarding the
33 municipality in need of stabilization and recovery.

34 (cf: P.L.2021, c.124, s.3)

35
36 ¹~~3.~~ ^{4.}¹ This act shall take effect immediately ¹~~and be~~
37 retroactive to December 1, 2025. Any action taken by the
38 municipality during the retroactive time period shall be subject to
39 review and approval by the Director of the Division of Local
40 Government Services¹.

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45 Concerns Municipal Stabilization and Recovery Act; extends for
46 six years.