

CHAPTER 377

AN ACT establishing a grant program to promote local government efficiency, supplementing chapter 27D of Title 52 of the Revised Statutes, and making an appropriation.

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

C.52:27D-508.1 Definitions.

1. As used in P.L.2025, c.377 (C.52:27D-508.1 et seq.):

"Local government unit" means a municipality, county, or other political subdivision of the State, or any agency, board, commission, utilities authority or other authority, or other entity thereof.

"Management enhancement review consultant" means an individual or firm that has a demonstrated track record of successfully completed operational reviews and assessments.

C.52:27D-508.2 Local government unit management enhancement review grant program established.

2. a. The Director of the Division of Local Government Services in the Department of Community Affairs shall establish a local government unit management enhancement review grant program. The purpose of the program shall be to provide grants to local government units to contract with management enhancement review consultants to conduct local government unit efficiency reviews and to make recommendations to streamline operations and reduce costs. An individual management enhancement review consultant, or at least one member of the management enhancement review consultant team, that is contracted to complete a review pursuant to the program shall hold a professional license with the State of New Jersey as a certified municipal finance officer, qualified purchasing agent, certified public works manager, certified municipal clerk, certified tax collector, or another professional certification approved by the Director of the Division of Local Government Services in the Department of Community Affairs.

b. To participate in the grant program established pursuant to subsection a. of this section, a local government unit shall submit an application to the division in a manner and on such forms as determined by the director. An application submitted pursuant to this subsection shall include information detailing the local government unit's proposed plans for the grant funding, including, but not limited to:

- (1) the amount of grant funding being sought by the local government unit;
- (2) a description of how the grant funding will be used to conduct an efficiency review, including, but not limited to, plans to identify opportunities for shared services, identify cost savings through operating efficiencies, or improve the delivery of services; and
- (3) the proposed sources of matching funding to be used by the local government unit to conduct the efficiency review, pursuant to subsection c. of this section.

c. (1) After reviewing the applications submitted pursuant to subsection b. of this section, the director shall select local government units to receive a management enhancement review grant. In selecting grant recipients, the director shall consider factors including, but not limited to: the local government unit's contribution to the management enhancement review; and the cost effectiveness of any specifically identified opportunities for shared services, cost savings through operating efficiencies, or improvements to the delivery of services.

(2) The maximum grant award under the program shall be \$150,000 for a county-based local government unit and \$100,000 for a municipal-based local government unit. A local government unit that receives a grant under the program shall contribute 25 percent of the grant award amount to the management enhancement review.

C.52:27D-508.3 Submission of reports to the director, Governor, Legislature.

3. a. Within one year of receiving a grant pursuant to section 2 of P.L.2025, c.377 (C.52:27D-508.2), each participating local government unit shall submit a report to the Director of the Division of Local Government Services in the Department of Community Affairs, in a manner and on such forms as determined by the director, detailing:

- (1) the expenditures of the grant funds under the program;
- (2) the specific shared services, operating efficiencies, or improved delivery of services achieved as a result of the management enhancement review; and
- (3) the specific cost savings achieved as a result of the shared services, operating efficiencies, or improved delivery of services pursuant to paragraph (2) of this subsection.

b. The director shall compile the reports submitted pursuant to subsection a. of this section for inclusion in a comparative profile of the participating local government units and shall post the profile for public inspection on the division's Internet website in an easily accessible location.

c. Within one year of posting the comparative profile required pursuant to subsection b. of this section, the director shall submit a report to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature. The report shall contain information on the implementation of the grant program, including, but not limited to: the total number of applications received under the program; the total number of applications which were awarded grants, including the amounts of those grant awards; and a list of best practices concerning the streamlining of operations and reduction of costs for achieving local government unit efficiency. The director shall post the report required pursuant to this subsection for public inspection on the division's Internet website in an easily accessible location.

4. There is appropriated from the General Fund to the Division of Local Government Services in the Department of Community Affairs, the sum of \$1,500,000 to provide grants to local government units to effectuate the purposes of P.L.2025, c.377 (C.52:27D-508.1 et seq.). Any funds appropriated pursuant to this act that are unawarded or unobligated as of June 1, 2026, shall be reallocated to Local Efficiency Achievement Program (LEAP) of the Department of Community Affairs and shall be used to effectuate the purposes of LEAP in accordance with applicable law.

5. This act shall take effect immediately.

Approved January 20, 2026.