

ASSEMBLY STATE AND LOCAL GOVERNMENT
COMMITTEE

STATEMENT TO

ASSEMBLY, No. 4044

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 11, 2024

The Assembly State and Local Government Committee reports favorably and with committee amendments Assembly Bill No. 4044.

As amended, this bill amends the 1977 local budget cap law, P.L.1976, c.68 (C.40A:4-45 et seq.) to stipulate that, under the county property tax levy cap, the retirement of debt by a county would not result in a decrease in the amount that could be raised through property taxes in a local budget year.

Debt service is an exception to the 2.5 percent property tax levy cap. Under current law, upon retiring debts, a county loses taxing authority that was previously available for debt service. The bill would make those amounts and additional amounts available for other uses by raising the maximum permissible county tax levy by the amount of the difference in debt service appropriations over the prior year multiplied by the average predominant prime rate, as determined by the Board of Governors of the Federal Reserve System, quoted by commercial banks to large businesses as of the first business day of the calendar quarter within which the local budget is finalized. The bill would thereby encourage counties to responsibly pay off existing debt, by removing the incentive under current law to maintain current debt levels, by either acquiring more debt or avoiding paying off existing debts.

COMMITTEE AMENDMENTS:

The committee amendments provide that the required calculation and addition are to be made only after a county has made the determination to prepare its budget under the property taxation limitations of the 1977 local budget cap law.