

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 4044

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 14, 2024

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4044 (1R).

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 and allowing a county to add to its adjusted tax levy the greater of banked property taxing authority under 1977 local budget cap law and 2010 local budget cap law.

COMMITTEE AMENDMENTS:

The committee amendments to the bill remove a provision which factored the current prime interest rate into the bill's increase in county property taxing authority. The committee amendments instead provide that a county preparing its budget under either of the local budget cap laws may add to its adjusted tax levy the greater of the banked property taxing authority under the two local budget cap laws.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the bill will result in increased property tax levy authority for certain counties in any year in which county debt service obligations are decreased over the prior year. This could result in increased property tax revenues, and, therefore, increased expenditures for those counties.