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PUBLIC HEARING

before

ASSEMBLY COUNTY GOVERNMENT AND REGIONAL AUTHORITIES COMMITTEE

ASSEMBLY BILLS NO. 3518 through 3536

and

ASSEMBLY BILLS NO. 2694 and 2887

(Regional Authorities Legislation)

September 20, 1988
Room 373
State House Annex
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John E. Rooney, Chairman
Assemblyman George Hudak

ALSO PRESENT:

Walter R. Kennedy
Office of Legislative Services
Aide, Assembly County Government and
Regional Authorities Committee

* * * * *

Hearing Recorded and Transcribed by
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Trenton, New Jersey 08625

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JOHN E. ROONEY
Chairman
JOHN T. HENDRICKSON, JR.
Vice Chairman
J. EDWARD KLINE
THOMAS J. DUCH
GEORGE HUDAK



ASSEMBLY COUNTY GOVERNMENT AND
REGIONAL AUTHORITIES COMMITTEE
OFFICE OF LEGISLATIVE SERVICES
STATE HOUSE ANNEX, CN-068
TRENTON, NEWJERSEY 08625

New Jersey State Legislature
ASSEMBLY COUNTY GOVERNMENT
AND
REGIONAL AUTHORITIES COMMITTEE
STATE HOUSE ANNEX, CN-068
TRENTON, NEW JERSEY 08625
(609) 292-1596

NOTICE OF PUBLIC HEARING

Walter R. Kennedy, Aide to the Assembly County
Government and Regional Authorities Committee
(609) 292-1596

The Assembly County Government and Regional Authorities
Committee will hold a public hearing on Tuesday, September 20, 1988 at 1:00
p.m. in Room 373 of the State House Annex, Trenton.

The subject of this second of two public hearings shall be the following
bills concerning regional authorities which were drafted in response to earlier
public hearings conducted by the committee:

Assembly Bills 3518 through 3536
and
Assembly Bills 2694 and 2887

The Assembly County Government and Regional Authorities
Committee has held a series of statewide public hearings to improve the
structure and operations of the more than 200 existing local authorities. The
authorities targeted by the bills encompass most autonomous regional or local
authorities such as sewerage, utilities, parking, recreation and improvement
authorities.



ASSEMBLY, No. 3518
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblyman CIMINO

1 AN ACT requiring authorities to submit financial master plans to
2 counties and municipalities which formed such authorities and
3 supplementing Title 40A of the New Jersey Statutes.

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

7 1. "Authority" means a body, public and corporate, created by
8 one or more municipalities or counties pursuant to any law
9 authorizing that creation, which law provides that the public body
10 so created has at least the following powers:

- 11 (1) To adopt and use a corporate seal;
12 (2) To sue and be sued;
13 (3) To acquire and hold real or personal property for its
14 purposes; and
15 (4) To provide for and secure the payment of its bonds or other
16 obligations, or to impose charges for the use of its facilities, or
17 any combination thereof.

18 2. In addition to any other report required by law, an authority
19 at least 30 days before the adoption of its budget, shall submit a
20 financial master plan to the governing body of the county or
21 municipality which created it. The plan shall list all of the
22 authority's debt and a schedule for paying the debt. It shall also
23 include a statement of the authority's revenues and anticipated
24 revenues, including federal and State grants and aid programs,
25 any foreseeable indebtedness and how such indebtedness shall be
26 financed.

27 3. This act shall take effect January 1, 1989.

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STATEMENT

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32 This bill requires regional authorities, to submit financial
33 master plans, annually, to the counties and municipalities which
created them. The financial master plan shall list all debt of the

1 authority and a debt payment schedule. It shall also include a
statement of the authority's revenues and anticipated revenues,
3 including all grants and aid programs, and foreseeable
indebtedness and how such indebtedness shall be financed.

5

7

AUTHORITIES AND REGIONAL COMMISSIONS

Local Budget and Finance

9

Requires authorities to submit financial master plans.

ASSEMBLY, No. 3519
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen HENDRICKSON and HUDAK

1 AN ACT requiring the holding of a public hearing on authorities'
budgets and amending P.L. 1983, c. 313.

3

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

1. Section 10 of P.L. 1983, c. 313 (C. 40A:5A-10) is amended
7 to read as follows:

10. a. Each authority shall submit a budget for each fiscal year
9 to the director prior to its adoption thereof and file a copy with
the local government unit or units which have created authority.
11 The budget shall comply with the terms and provisions of any
bond resolutions, and shall be in such form and detail as to items
13 of revenue, expenditure and other content as shall be required by
law or by rules and regulations of the Local Finance Board.

15 b. The Local Finance Board shall prescribe by rule or
regulation the procedure for the adoption of budgets by
17 authorities. The rules and regulations may include or be similar to
any provisions of the "Local Budget Law" (N.J.S. 40A:4-1 et seq.)
19 which the Local Finance Board shall deem to be practicable or
necessary, and may further include any other provisions and
21 requirements which the Local Finance Board shall deem
appropriate or necessary. The rules and regulations shall provide
23 for approval or disapproval of a budget within 45 days of the
director's receipt thereof.

25 c. The Local Finance Board shall also prescribe by rule or
regulation the procedures and requirements for execution of any
27 budget after adoption, and for the administration of financial
affairs of authorities. The rules and regulations may include,
29 without limitation, any provisions of the "Local Budget Law"
(N.J.S. 40A:4-1 et seq.), and the "Local Fiscal Affairs Law"
31 (N.J.S. 40A:5-1 et seq.), which the Local Finance Board shall
deem to be practicable and necessary.

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 d. Each authority shall fix a date, time and place for the
2 holding of a public hearing on its budget. The proposed budget
3 shall be advertised prior to final approval. The advertisement
4 shall contain a copy of the budget and shall set forth the date,
5 time and place of the hearing. It shall be published at least 7
6 days prior to the date fixed therefor in a newspaper with a
7 substantial circulation in the county or counties wherein the
8 authority is located. All persons having an interest in the budget
9 shall be given an opportunity at the public hearing to present
10 their comments and questions thereon. This section shall not
11 apply to any authority whose budget is required to be approved at
12 a public referendum.

13 (cf: P.L. 1987, c. 319, s. 5)

14 2. This act shall take effect immediately.

15

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17 STATEMENT

18

19 This bill amends the "Local Authorities Fiscal Control Law,"
20 P.L. 1983, c. 313 (C. 40A:5A-1 et seq.) to require an authority to
21 hold a public hearing prior to the fund adoption of its annual
22 budget. Notice of the public hearing and a copy of the proposed
23 budget shall be advertised, at least 7 days prior to the hearing, in
24 a newspaper circulating in the county wherein the authority is
25 located. All persons interested in the authority's budget shall be
26 given an opportunity to make comments and ask questions
27 thereon at the public hearing. The bill also requires an authority
28 to file a copy of its budget with the local government unit or
29 units which created the authority.

30

31 This bill is part of a body of remedial legislation developed by
32 the County Government and Regional Authorities Committee
33 arising out of a series of public hearings conducted by the
34 committee on the structure and operation of regional authorities,
35 particularly county sewerage authorities and municipal utilities
36 authorities.

37

38 AUTHORITIES AND REGIONAL COMMISSIONS

39

Local Budget and Finance

40

41 Requires local authorities to hold public hearings on their
annual budgets.

ASSEMBLY, No. 3520

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen SCHUBER, ROMA,
Assemblywoman Randall and Assemblyman Felice

1 AN ACT authorizing chief executive officers of certain counties
and municipalities, and boards of chosen freeholders, to veto
3 the minutes of authorities, and supplementing Title 40 of the
Revised Statutes.

5

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

1. "Authority" means a body, public and corporate, created by
9 one or more municipalities or counties pursuant to any law
authorizing that creation, which law provides that the public body
11 so created has at least the following powers:

- (1) To adopt and use a corporate seal;
- 13 (2) To sue and be sued;
- (3) To acquire and hold real or personal property for its
15 purposes; and
- (4) To provide for and secure the payment of its bonds or other
17 obligations, or to impose charges for the use of its facilities, or
any combination thereof.

19 2. The minutes of every meeting of an authority shall be sent
to the county or municipal governing body which created the
21 authority. No action taken by any of the members of the
authority at a meeting of the authority shall have any force or
23 effect for a period of five days, excluding Saturdays and Sundays,
after the minutes have been delivered, unless the minutes are
25 returned without a veto prior to the end of the five-day period, in
which event the action shall take effect on the day the minutes
27 are returned.

3. For authorities created by a county, the chief executive
29 officer of a county governed pursuant to the "Optional County
Charter Law," P.L. 1972, c. 154 (C. 40:41A-1 et seq.), and the
31 board of chosen freeholders in all other counties, shall, within
five days after the minutes have been delivered, cause the same
33 to be returned to the authority either with or without a veto on
any action therein recited as having been taken by any member
35 thereof. A veto by a board of chosen freeholders shall be by a

1 vote of at least two thirds of the members. If the minutes are
not returned within five days, or are returned without a veto, any
3 action therein recited shall have force and effect according to
the wording thereof.

5 4. If the chief executive officer, or the board of chosen
freeholders, as the case may be, within the five-day period,
7 returns the minutes with a veto against the action of any member
of the authority recited therein, the action of that member shall
9 be null and of no effect.

11 5. The veto of the chief executive officer of any action
recited in the minutes may be overridden and nullified by the
vote of a majority of the members of the board of chosen
13 freeholders, provided such vote to override occurs within 14 days
of the return of the minutes by the chief executive to the
15 authority.

17 6. For an authority created by a municipality, the chief
executive officer of the municipality, shall, within five days after
the minutes have been delivered, cause the same to be returned
19 to the authority either with or without a veto on any action
therein recited as having been taken by any member thereof. If
21 the minutes are not returned within five days, or are returned
without a veto, any action therein recited shall have force and
23 effect according to the wording thereof.

25 7. If the chief executive officer of the municipality, within the
five-day period, returns the minutes with a veto against the
action of any member of the authority recited therein, the action
27 of that member shall be null and of no effect.

29 8. The veto of the municipality's chief executive officer of
any action recited in the minutes may be overridden and nullified
by the vote of a majority of the members of the municipality's
31 governing body, provided such vote to override occurs within 14
days of the return of the minutes by the chief executive to the
33 utilities authority.

35 9. This act shall take effect immediately.

37 **STATEMENT**

39 This bill allows the chief executive officer in counties governed
pursuant to the "Optional County Charter Law", the board of

1 chosen freeholders in all other counties, and the chief executive
officer of a municipality, to veto the action of any member of an
3 authority or as that action is recited in the minutes of the
authority's meetings. The veto of the chief executive officer
5 may be overridden by a two-thirds vote of the board of chosen
freeholders or the municipal governing body, provided such vote
7 to override is taken within 14 days of the veto. If the chief
executive or the board of chosen freeholders take no action on
9 the minutes for five business days after the minutes are
delivered, then the minutes, and all action as recited therein, are
11 considered approved.

This bill is part of a body of remedial legislation developed by
13 the County Government and Regional Authorities Committee
arising out of a series of public hearings conducted by the
15 committee on the structure and operation of regional authorities.

17

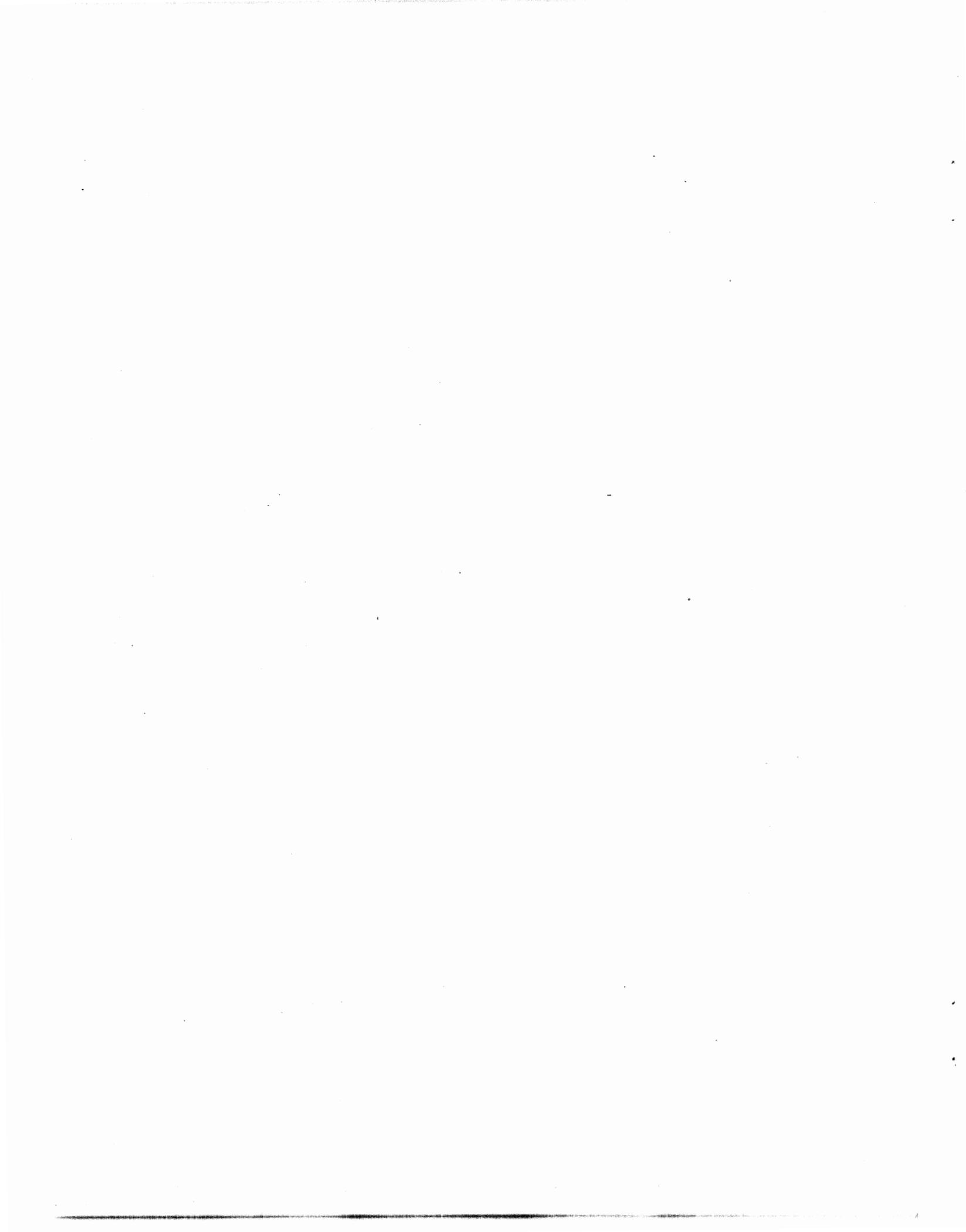
COUNTIES

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Authorities and Regional Commissions

21

Provides for veto power over action of authorities.



ASSEMBLY, No. 3521

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen CIMINO and ROONEY

1 AN ACT requiring county improvement authorities to make
2 semi-annual reports to boards of chosen freeholders on status
3 of certain projects, and supplementing P.L. 1960, c. 183
(C. 40:37A-44 et seq.).

5

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

1. A county improvement authority undertaking the
9 completion of any project, as defined in section 2 of P.L. 1960,
c. 183 (C. 40:37A-45) and section 2 of P.L. 1979, c. 275
11 (C. 40:37A-107), shall submit a report semi-annually to the board
of chosen freeholders detailing the status of the project and all
13 other relevant information requested by the board of chosen
freeholders concerning the project. If the improvement authority
15 fails to make a timely report to the board of chosen freeholders
concerning any project, the board may employ its own agent to
17 report on the project and charge the cost of the report to the
improvement authority.

19 2. This act shall take effect immediately.

21

STATEMENT

23 This bill requires a county improvement authority to report
semi-annually to the board of chosen freeholders on the status of
25 any project undertaken by the county improvement authority. If
the authority fails to make such report, the freeholders may hire
27 their own agent to determine the status of the project, and
charge the cost of the agent's report to the improvement
29 authority.

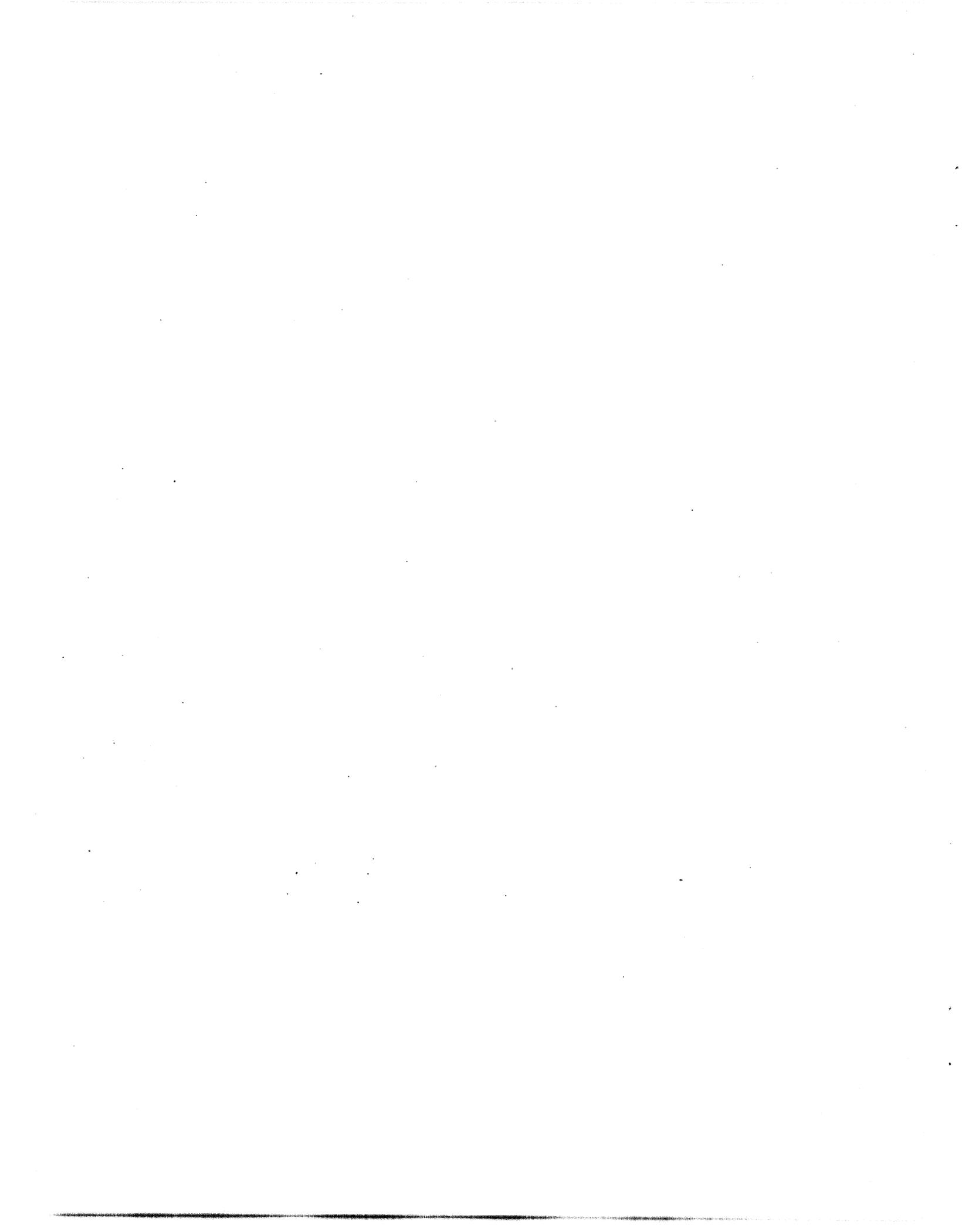
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COUNTIES

Authorities and Regional Commissions

33

Requires county improvement authorities to report semi-annually
35 to board of freeholders on status of projects.



ASSEMBLY, No. 3522
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen KLINE and HUDAK

1 AN ACT concerning the qualifications of members of authorities,
and supplementing Title 40 of the Revised Statutes.

3

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

1. "Authority" means a body, public and corporate, created by
7 one or more municipalities or counties pursuant to any law
authorizing that creation, which law provides that the public body
9 so created has at least the following powers:

- (1) To adopt and use a corporate seal;
11 (2) To sue and be sued;
(3) To acquire and hold real or personal property for its
13 purposes; and

(4) To provide for and secure the payment of its bonds or other
15 obligations, or to impose charges for the use of its facilities, or
any combination thereof.

17 2. After January 1, 1989 no person shall be appointed as a
member of an authority unless he is a citizen of the United
19 States, has obtained a certificate or diploma issued after at least
four years of study in an approved secondary school or has
21 received an academic education accepted by the Commissioner of
Education as fully equivalent, and has graduated from a four year
23 course at a college of recognized standing with a bachelor's
degree. A person who does not meet the college education
25 requirement may substitute, on a year-for-year basis, experience
as a member of any board or authority with responsibilities that
27 are the same or similar to those of an authority member.

3. Rutgers, the State University shall, by January 1, 1990,
29 develop a course of study as it deems appropriate, the object of
which shall be to assist members and prospective members of
31 authorities to acquire the knowledge and skills necessary to
oversee and administer the operations of an authority. The
33 course of study shall be general in nature and applicable to the
administration of various boards and public authorities.

1 4. On and after the effective date of this act the appointing
authority shall, as vacancies in the membership of an authority
3 occur, appoint a professional engineer, an environmental scientist
and an individual with academic credentials and professional
5 experience in finance or business administration to be part of the
membership of the authority.

7 5. An applicant for membership on an authority shall be
required to submit a resume setting forth his personal history,
9 educational attainments and work experience. The appointing
authority shall consider the applicant's reputation for integrity,
11 his expertise in an area related to the authority's jurisdiction, his
record of community service, and his environmental activities.
13 An applicant's political affiliation shall not be considered in
determining his eligibility for appointment.

15 6. Commencing January 1, 1991 no person shall be appointed
or reappointed as a member of an authority unless he has
17 successfully completed the course of study developed by Rutgers,
the State University, pursuant to this act.

19 7. This act shall take effect immediately.

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STATEMENT

This bill requires members of regional authorities to possess
certain qualifications as a condition for appointment to the
authority, such as a college degree or related experience. It also
requires Rutgers, the State University, to develop a course of
study to help members to acquire the knowledge and skills
necessary to oversee and administer the operations of an
authority. No person shall be appointed as a member of an
authority after January 1, 1991 unless he has successfully
completed the Rutgers course. The bill also requires applicants
for authority membership to submit resumes setting forth their
personal history and educational attainments. The bill requires
the appointing authority to consider an applicant's reputation for
integrity and his record of public service. It prohibits a
consideration of an applicant's political affiliation in determining
his eligibility for appointment.

1 This bill is part of a body of remedial legislation developed by
the County Government and Regional Authorities Committee
3 arising out of a series of public hearings conducted by the
committee on the structure and operation of regional authorities.

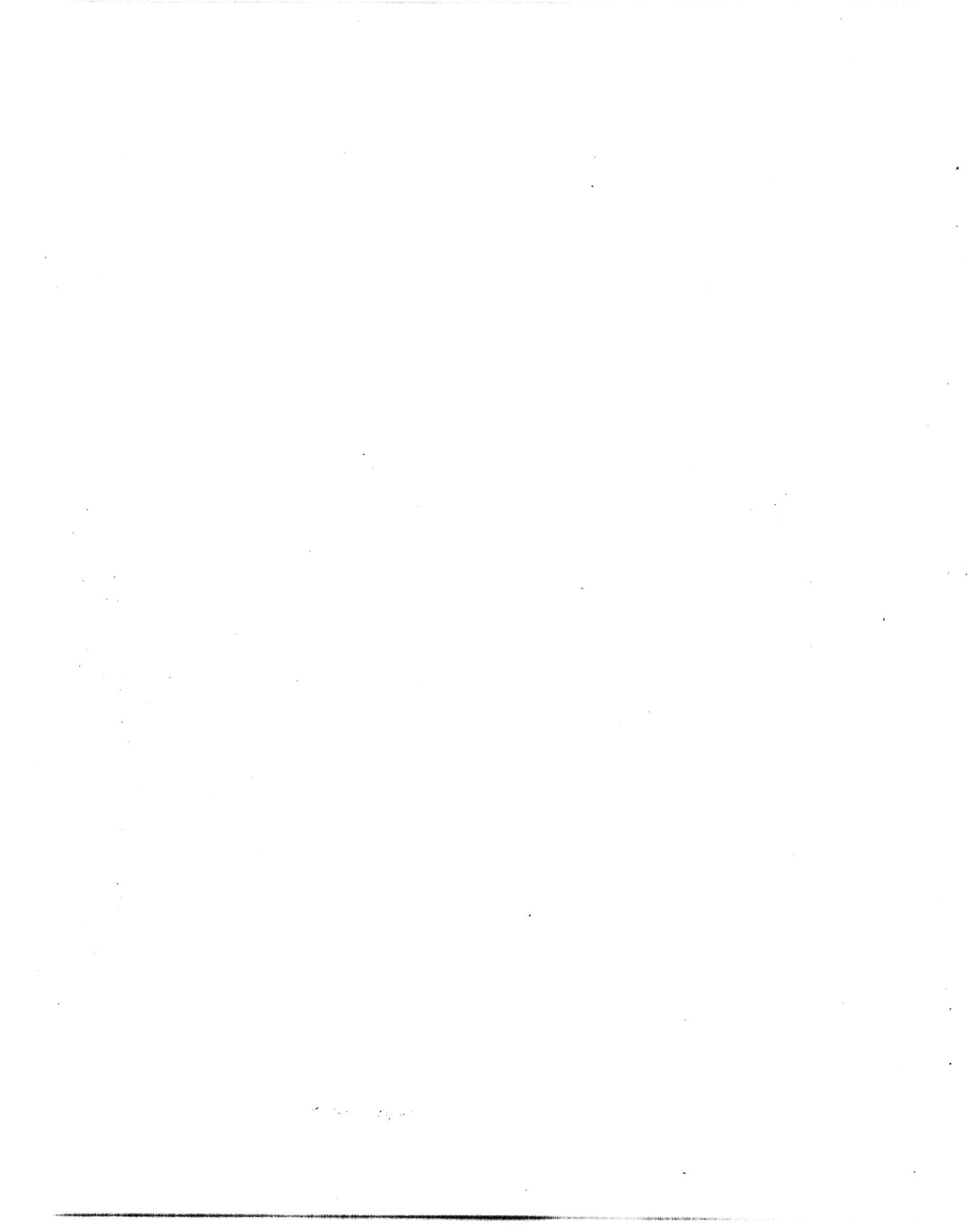
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7 AUTHORITIES AND REGIONAL COMMISSIONS

 Education

9

11 Requires members of authorities to attain certain level of
education to qualify for appointment.



ASSEMBLY, No. 3523

STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen DUCH and ROONEY

1 AN ACT concerning attendance at meetings of regional
authorities and supplementing Title 40 of the Revised Statutes.

3

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

1. a. "Authority" means a body, public and corporate, created
7 by one or more municipalities or counties pursuant to any law
authorizing that creation, which law provides that the public body
9 so created has at least the following powers:

- (1) To adopt and use a corporate seal;
11 (2) To sue and be sued;
(3) To acquire and hold real or personal property for its
13 purposes; and
(4) To provide for and secure the payment of its bonds or other
15 obligations, or to impose charges for the use of its facilities, or
any combination thereof.

17 b. Whenever a member fails to attend the meetings of an
authority for three consecutive regularly scheduled meetings or
19 does not attend at least 75 percent of the meetings held in any
calendar year, without being excused from attendance by a
21 majority of the members of the authority, at the conclusion of
such period his office shall be deemed vacant and a replacement
23 shall be appointed for the unexpired term; provided, however,
that the members may refuse to excuse only with respect to
25 those failures to attend which were due to legitimate illness.

2. This act shall take effect immediately.

27

29

STATEMENT

31 This bill provides that a vacancy in office shall be deemed to
occur if an authority member misses three consecutive regularly
33 scheduled meetings of the authority or fails to attend at least

1 75 percent of the meetings in any one year. A majority of the
members may excuse a member's absence and must excuse any
3 absence that was due to illness.

5

AUTHORITIES AND REGIONAL COMMISSIONS

7

Local Officers and Employees

9 Provides for declaring vacancy in office for certain authority
members who fail to attend required number of meetings.

ASSEMBLY, No. 3524

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblyman CIMINO and ROONEY

1 AN ACT concerning the appointment of supervisory employees by
2 a county improvement authority and supplementing P.L. 1960,
3 c. 183 (C. 40:37A-44 et seq.).

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

7 1. A county improvement authority shall notify the board of
8 chosen freeholders of its intention to appoint or promote any
9 person to a supervisory position, at least 30 days prior to the
10 effective date of the appointment or promotion. As used in this
11 act, a "supervisory position" means a position whose duties
12 include the supervision of 10 or more employees and that is
13 compensated at an annual salary in excess of \$40,000 per year.

14 2. This act shall take effect immediately.

15

17 STATEMENT

19 This bill requires a county improvement authority to notify a
20 board of chosen freeholders of its intention to appoint a
21 supervisory employee at least 30 days prior to the appointment
22 becoming effective.

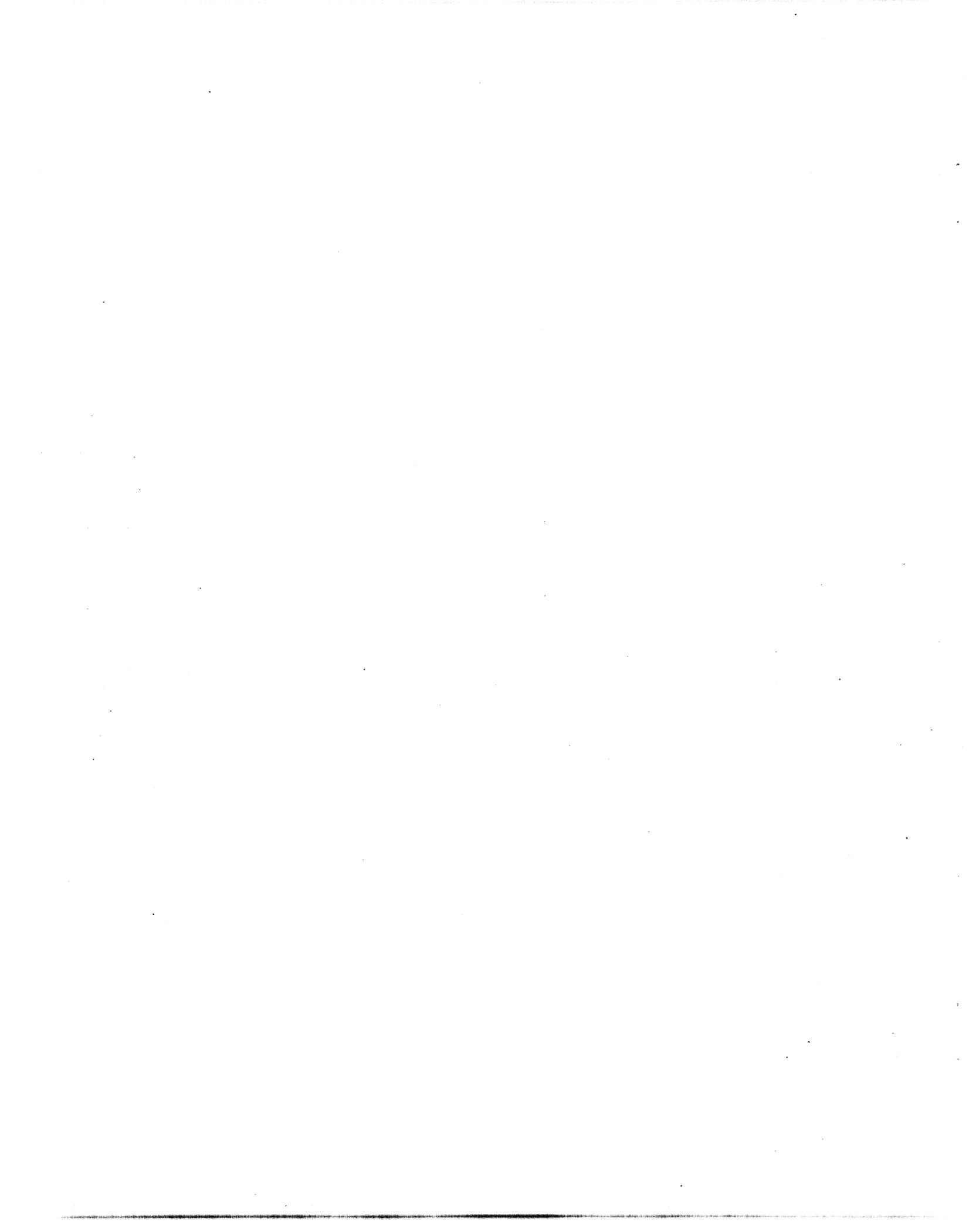
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25 COUNTIES

Authorities and Regional Commissions

27

29 Requires county improvement authorities to notify board of
chosen freeholders when appointing a supervisory employee.



ASSEMBLY, No. 3525
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen HUDAK and KLINE

1 AN ACT concerning the qualifications of certain supervisory
employees employed by authorities, and supplementing Title 40
3 of the Revised Statutes.

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

7 1. "Authority" means a body, public and corporate, created by
one or more municipalities or counties pursuant to any law
9 authorizing that creation, which law provides that the public body
so created has at least the following powers:

11 (1) To adopt and use a corporate seal;

(2) To sue and be sued;

13 (3) To acquire and hold real or personal property for its
purposes; and

15 (4) To provide for and secure the payment of its bonds or other
obligations, or to impose charges for the use of its facilities, or
17 any combination thereof;

2. Within 90 days of the effective date of this act, the
19 Director of the Division of Local Government Services in the
Department of Community Affairs shall promulgate minimum
21 qualifications for persons appointed and hired by an authority for
the positions of executive director, purchasing agent,
23 environmental scientist and chief engineer. The minimum
qualifications shall at least require a college degree in business
25 administration, engineering, environmental science or other
related field, and previous working experience with an authority
27 or in the professional area in which they are accredited, except
that the director may permit working experience to be
29 substituted for a specialized college education on a year for year
basis.

31 Upon the promulgation of the qualifications, no authority shall
appoint or hire any person for a position for which minimum
33 qualifications have been promulgated unless the person meets
those minimum qualifications, or was holding such position on the
35 effective date of this act.

3. This act shall take effect immediately.

1

STATEMENT

3

This bill directs the Director of the Division of Local Government Services to promulgate minimum qualifications for the positions of executive director, purchasing agent, environmental scientist, and chief engineer of regional authorities. Upon promulgations of the minimum qualifications, no person may be appointed to those positions unless the person meets the minimum qualifications or was holding such position on the effective date of this act.

9

11

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

13

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COUNTIES

Authorities and Regional Commissions

19

21

Requires DCA to set minimum qualifications for certain supervisory employees of regional authorities.

ASSEMBLY, No. 3526

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen ROONEY and HUDAK

1 AN ACT requiring Merit System Board approval of all positions
2 assigned to the unclassified service by authorities,
3 supplementing Title 40 of the Revised Statutes and Title 11A
4 of the New Jersey Statues.

5

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

8 1. "Authority" means a body, public and corporate, created by
9 one or more municipalities or counties pursuant to any law
10 authorizing that creation, which law provides that the public body
11 so created has at least the following powers:

- 12 (1) To adopt and use a corporate seal;
- 13 (2) To sue and be sued;
- 14 (3) To acquire and hold real or personal property for its
15 purposes; and
- 16 (4) To provide for and secure the payment of its bonds or other
17 obligations, or to impose charges for the use of its facilities, or
18 any combination thereof.

19 2. Within 90 days of the effective date of this act, all
20 authorities that are within the jurisdiction of the "Civil Service
21 Act" (N.J.S. 11A:1-1 et seq.), shall send a list setting forth the
22 title and job description of each of their unclassified positions,
23 and the specific subsection of N.J.S. 11A:3-5 authorizing such
24 position, to the Merit System Board in the Department of
25 Personnel.

26 3. The Merit System Board shall review the lists sent to it
27 pursuant to section 1 of this act and determine if the positions
28 listed are authorized by law to be assigned to the unclassified
29 service. If the board determines that a position has been
30 improperly assigned to the unclassified service it shall order the
31 position vacated or transferred to the classified service, or both.
32 The board shall enforce its order pursuant to chapter 10 of Title
33 11A of the New Jersey Statutes.

34 4. No authority shall create a position in the unclassified
35 service under any of the titles authorized pursuant to N.J.S.
11A:3-5, or any other law, unless it proves to the satisfaction of

1 the Merit System Board that the position cannot be properly
assigned to the classified service, and receives the board's
3 approval to create such position.

5. This act shall take effect immediately.

5

7

STATEMENT

9 This act requires authorities within the jurisdiction of the
"Civil Service Act" to send a list and description of all positions
11 they have assigned to the unclassified service to the Merit
System Board in the Department of Personnel. The board shall
13 examine the lists and order the abolition of those positions that
are not authorized by law to be assigned to the unclassified
15 service or their transfer to the classified service. The bill also
requires sewerage authorities and utilities authorities to obtain
17 the permission of the Merit System Board before it assigns any
position to the unclassified service.

19 This bill is part of a body of remedial legislation developed by
the County Government and Regional Authorities Committee
21 arising out of a series of public hearings conducted by the
committee on the structure and operation of regional authorities.

23

25

AUTHORITIES AND REGIONAL COMMISSIONS

Local Officers and Employees

27

29 Requires certain authorities to obtain Merit System Board
approval for positions in unclassified service.

ASSEMBLY, No. 3527

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen DUCH and ROONEY

1 AN ACT concerning the terms of members of sewerage
authorities and utilities authorities, and amending P.L. 1946,
3 c. 138 and P.L. 1957, c. 183.

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

7 1. Section 5 of P.L. 1946, c. 138 (C. 40:14A-5) is amended to
read as follows:

9 5. (a) The powers of a sewerage authority shall be vested in
the members thereof in office from time to time. A majority of
11 the entire authorized membership of the sewerage authority shall
constitute a quorum at any meeting thereof. Action may be
13 taken and motions and resolutions adopted by the sewerage
authority at any meeting of the members thereof by vote of a
15 majority of the members present, unless in any case the by-laws
of the sewerage authority shall require a larger number. The
17 sewerage authority may delegate to one or more of its officers,
agents or employees such powers and duties as it may deem
19 proper.

(b) Each member of a sewerage authority shall hold office for
21 the term for which he was appointed and until his successor has
been appointed and has qualified, but the holdover period shall
23 not exceed 60 days from the expiration of the term for which he
was appointed.

25 (c) No member, officer or employee of a sewerage authority
shall have or acquire any interest, direct or indirect, in the
27 sewerage system or in any property included or planned to be
included in the sewerage system or in any contract or proposed
29 contract for materials or services to be furnished to or used by
the sewerage authority, but neither the holding of any office or
31 employment in the government of any county or municipality or
under any law of the State nor the owning of any property within
33 the State shall be deemed a disqualification for membership in or

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 employment by a sewerage authority, and members of the
governing body of a local unit may be appointed by such
3 governing body and may serve as members of a sewerage
authority. A member of a sewerage authority may be removed
5 only by the governing body by which he was appointed and only
for inefficiency or neglect of duty or misconduct in office and
7 after he shall have been given a copy of the charges against him
and, not sooner than ten days thereafter, had opportunity in
9 person or by counsel to be heard thereon by such governing body.

(d) A sewerage authority may reimburse its members for
11 necessary expenses incurred in the discharge of their duties. The
resolution, ordinance or parallel ordinances for the creation of a
13 sewerage authority may provide that the members of the
sewerage authority may receive compensation for their services
15 within an annual and other limitations to be stated in such
resolution, ordinance or parallel ordinances, and in that event,
17 each member may receive from the sewerage authority such
compensation for his services as the sewerage authority may
19 determine within the limitations stated in such resolution,
ordinance or parallel ordinances. The said annual or other
21 limitations stated in any such resolution, ordinance or parallel
ordinances may be amended by subsequent resolution, ordinance
23 or parallel ordinances, as the case may be, but no reduction of
any such limitation shall be effective as to any member of the
25 sewerage authority then in office except upon the written
consent of the sewerage authority. No member of any sewerage
27 authority shall receive any compensation for his services except
as provided in this subsection.

(e) Every sewerage authority, upon the first appointment of its
29 members and thereafter on or after the first day of February in
each year, shall annually elect from among its members a
31 chairman and a vice-chairman who shall hold office, until the
first day of February next ensuing and until their respective
33 successors have been appointed and have qualified. Every
sewerage authority may also, without regard to the provisions of
35 Title 11 of the Revised Statutes, appoint and employ a secretary
and such professional and technical advisers and experts and such
37 other officers, agents and employees as it may require, and shall
determine their qualifications, terms of office, duties and
39 compensation.

1 (f) Whenever a member fails to attend the meetings of the
2 sewerage authority for three consecutive regularly scheduled
3 meetings or does not attend at least 75% of the meetings held in
4 any calendar year, without being excused from attendance by a
5 majority of the members of the authority, at the conclusion of
6 such period his office shall be deemed vacant and a replacement
7 shall be appointed for the unexpired term; provided, however,
8 that the members may refuse to excuse only with respect to
9 those failures to attend which were not due to legitimate illness.

(cf: P.L. 1952, c. 277, s. 2)

11 2. Section 16 of P.L. 1957, c. 183 (C. 40:14B-16) is amended to
12 read as follows:

13 16. a. Each member of a municipal authority shall hold office
14 for the term for which he was appointed and until his successor
15 has been appointed and has qualified, but the holdover period
16 shall not exceed 60 days from the expiration of the term for
17 which he was appointed. A member of a municipal authority may
18 be removed only by the governing body by which he was appointed
19 and only for inefficiency or neglect of duty or misconduct in
20 office and after he shall have been given a copy of the charges
21 against him and, not sooner than 10 days thereafter, had
22 opportunity in person or by counsel to be heard thereon by such
23 governing body.

24 b. Whenever a member fails to attend the meetings of the
25 municipal authority for three consecutive regularly scheduled
26 meetings or does not attend at least 75% of the meetings held in
27 any calendar year, without being excused from attendance by a
28 majority of the members of the authority, at the conclusion of
29 such period his office shall be deemed vacant and a replacement
30 shall be appointed for the unexpired term; provided, however,
31 that the members may refuse to excuse only with respect to
32 those failures to attend which were not due to legitimate illness.

33 (cf: P.L. 1957, c. 183, s. 16)

34 3. This act shall take effect immediately.

35

STATEMENT

36

37 This bill limits the holdover period for a sewerage authority
38 member or utilities authority member to 60 days from the end of
39 his appointed term. If a successor has not been appointed and has

1 not qualified at the end of that 60 day period, the position shall
be vacant until a successor is appointed and qualifies.

3 The bill also provides for the vacation of the office of a
member who fails to attend a meeting of the authority for three
5 consecutive regularly scheduled meetings, or who fails to attend
at least 75% of the authority's meetings during any calendar
7 year, unless such absences are excused by a vote of a majority of
the members of the authority. The members would be required to
9 excuse any absence that was due to a legitimate illness. The
vacancy provision provided in the bill is similar to the one found
11 in N.J.S. 40A:16-3 concerning members of a municipal governing
body.

13 This bill is part of a body of remedial legislation developed by
the County Government and Regional Authorities Committee
15 arising out of a series of public hearings conducted by the
committee on the structure and operation of regional authorities,
17 particularly county sewerage authorities and municipal utilities
authorities.

19

21

COUNTIES

Authorities and Regional Commissions

23

Limits holdover period for members of sewerage authorities and
25 utilities authorities.

ASSEMBLY, No. 3528

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen KLINE and DUCH

1 AN ACT concerning the requalification for licensing of certain
2 sewerage and municipal utilities authority employees and
3 supplementing P.L. 1983, c. 230 (C. 58:11-64 et al.).

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

7 1. Notwithstanding the provisions of any law, rule or
8 regulation to the contrary, each licensed operator of a system
9 operated for a sewerage authority created pursuant to P.L. 1946,
10 c. 138 (C. 40:14A-1 et seq.) or for a utilities authority created
11 pursuant to P.L. 1957, c. 183 (C. 40:14B-1 et seq.), shall be
12 required to take and pass an examination appropriate for the
13 classification of the system he operates at least once every five
14 years pursuant to P.L. 1983, c. 230 (C. 58:11-68 et al.). For an
15 operator currently licensed on the effective date of this act, the
16 five year period shall begin on the date his annual license is next
17 renewed. For any person who becomes licensed on and after the
18 effective date of this act, the five year period shall begin on the
19 date he is licensed.

20 2. This act shall take effect immediately.

21

23

STATEMENT

25 This bill supplements the "Water Supply and Wastewater
26 Operators' Licensing Act," P.L. 1983, c. 230 (C. 58:11-64 et
27 al.) by requiring a licensed plant operator of a system operated
28 for a sewerage authority or a municipal utilities authority to be
29 reexamined every five years.

30 This bill is part of a body of remedial legislation developed by
31 the County Government and Regional Authorities Committee
32 arising out of a series of public hearings conducted by the
33 committee on the structure and operation of regional authorities,
34 particularly county sewerage authorities and municipal utilities
35 authorities.

1 **AUTHORITIES AND REGIONAL COMMISSIONS**

Water Supply

3

5 **Requires reexamination of operator of treatment system under
administration of sewerage authority or municipal utilities
authority.**

ASSEMBLY, No. 3529

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen HUDAK and ROONEY

1 AN ACT concerning the inspection of certain sewerage authority
and municipal utilities authority projects, supplementing
3 P.L. 1970, c. 33 (C. 13:1D-1 et seq.) and making an
appropriation therefor.

5

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

1. In addition to the powers and duties vested in the
9 Department of Environmental Protection by section 12 of
P.L. 1970, c. 33 (C. 13:1D-9), the department shall inspect any
11 water, solid waste, sewerage, or hydroelectric system, or any
combination thereof, being constructed by a sewerage authority
13 or municipal utilities authority with the aid of State or federal
grants or loans, on an unannounced, weekly basis to enforce
15 compliance with the approved plans and specifications for the
system.

2. There is appropriated to the department of Environmental
17 Protection the sum of \$95,000 from the General Fund to
effectuate the purposes of this act.

3. This act shall take effect immediately.

21

23

STATEMENT

25 This bill would require the Department of Environmental
Protection to inspect any public water, solid waste, sewerage or
27 hydroelectric system being constructed by a sewerage authority
or a municipal utilities authority with funds from a State or
29 federal grant or loan on an unannounced, weekly basis to ensure
compliance with approved plans and specifications for the system.

31 This bill is part of a body of remedial legislation developed by
the County Government and Regional Authorities Committee
33 arising out of a series of public hearings conducted by the
committee on the structure and operation of regional authorities,
35 particularly county sewerage authorities and municipal utilities
authorities.

1 AUTHORITIES AND REGIONAL COMMISSIONS

 Environment

3

5 Requires weekly unannounced inspections by DEP of certain
sewerage and municipal utilities construction projects,
appropriates \$95,000.

ASSEMBLY, No. 3530

STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen ROONEY and DUCH

1 AN ACT concerning the membership of certain regional
authorities and amending P.L. 1946, c. 138 and P.L. 1957, c.
3 183 and amending and supplementing P.L. 1960, c. 183.

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

7 1. Section 5 of P.L. 1946, c. 138 (C. 40:14A-5) is amended to
read as follows:

9 5. (a) The powers of a sewerage authority shall be vested in
the members thereof in office from time to time. A majority of
11 the entire authorized membership of the sewerage authority shall
constitute a quorum at any meeting thereof. Action may be
13 taken and motions and resolutions adopted by the sewerage
authority at any meeting of the members thereof by vote of a
15 majority of the members present, unless in any case the by-laws
of the sewerage authority shall require a larger number. The
17 sewerage authority may delegate to one or more of its officers,
agents or employees such powers and duties as it may deem
19 proper.

(b) Each member of a sewerage authority shall hold office for
21 the term for which he was appointed and until his successor has
been appointed and has qualified, but the holdover period shall
23 not exceed 60 days from the expiration of the term for which he
was appointed.

25 (c) No member, officer or employee of a sewerage authority
shall have or acquire any interest, direct or indirect, in the
27 sewerage system or in any property included or planned to be
included in the sewerage system or in any contract or proposed
29 contract for materials or services to be furnished to or used by
the sewerage authority, but neither the holding of any office or
31 employment in the government of any county or municipality or
under any law of the State nor the owning of any property within

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 the State shall be deemed a disqualification for membership in or
employment by a sewerage authority, and members of the
3 governing body of a local unit may be appointed by such
governing body and may serve as members of a sewerage
5 authority. A member of a sewerage authority may be removed
only by the governing body by which he was appointed and only
7 for inefficiency or neglect of duty or misconduct in office and
after he shall have been given a copy of the charges against him
9 and, not sooner than ten days thereafter, had opportunity in
person or by counsel to be heard thereon by such governing body.

11 (d) A sewerage authority may reimburse its members for
necessary expenses incurred in the discharge of their duties. The
13 resolution, ordinance or parallel ordinances for the creation of a
sewerage authority may provide that the members of the
15 sewerage authority may receive compensation for their services
within an annual and other limitations to be stated in such
17 resolution, ordinance or parallel ordinances, and in that event,
each member may receive from the sewerage authority such
19 compensation for his services as the sewerage authority may
determine within the limitations stated in such resolution,
21 ordinance or parallel ordinances. The said annual or other
limitations stated in any such resolution, ordinance or parallel
23 ordinances may be amended by subsequent resolution, ordinance
or parallel ordinances, as the case may be, but no reduction of
25 any such limitation shall be effective as to any member of the
sewerage authority then in office except upon the written
27 consent of the sewerage authority. No member of any sewerage
authority shall receive any compensation for his services except
29 as provided in this subsection.

(e) Every sewerage authority, upon the first appointment of its
31 members and thereafter on or after the first day of February in
each year, shall annually elect from among its members a
33 chairman and a vice-chairman who shall hold office, until the
first day of February next ensuing and until their respective
35 successors have been appointed and have qualified. Every
sewerage authority may also, without regard to the provisions of
37 Title 11 of the Revised Statutes,] appoint and employ a secretary,
a treasurer, an executive director, and a chief engineer, who shall
39 be in the unclassified service, and such [professional and

1 technical advisers and experts and such] other [officers, agents
and] employees as it may require, [and shall determine their
3 qualifications, terms of office, duties and compensation] who
shall be in the career service.

5 (cf: P.L. 1952, c. 277, s. 2)

2. Section 16 of P.L. 1957, c. 183 (C. 40:14B-16) is amended to
7 read as follows:

16. Each member of a municipal authority shall hold office for
9 the term for which he was appointed and until his successor has
been appointed and has qualified, but the holdover period shall
11 not exceed 60 days from the expiration of the term for which he
was appointed. A member of a municipal authority may be
13 removed only by the governing body by which he was appointed
and only for inefficiency or neglect of duty or misconduct in
15 office and after he shall have been given a copy of the charges
against him and, not sooner than 10 days thereafter, had
17 opportunity in person or by counsel to be heard thereon by such
governing body.

19 (cf: P.L. 1957, c. 183, s. 16)

3. Section 18 of P.L. 1957, c. 183 (C. 40:14B-18) is amended to
21 read as follows:

18. Employees of municipal authorities

23 Every municipal authority, upon the first appointment of its
members and thereafter on or after February 1 in each year, shall
25 annually elect from among its members a chairman and a
vice-chairman, who shall hold office until February 1 next
27 ensuing and until their respective successors have been appointed
and have qualified. Every municipal authority may also appoint
29 and employ, full- or part-time, a secretary, a treasurer, an
executive director, [managerial personnel, technical advisers and
31 experts, professional employees] and a chief engineer, who shall
be in the unclassified service, and persons who shall render
33 professional services as set forth in section 5 of P.L. 1971, c. 198
(C. 40A:11-5), as the authority may determine necessary for its
35 efficient operations[, and it shall determine their qualifications,
terms of office, for periods not to exceed five years, duties and
37 compensation and enter into contracts therefor, for periods not
to exceed five years, as it deems necessary]. Such municipal
39 authority may also appoint and employ such other [agents and]

1 employees as it may require [and determine their duties and
2 compensation. The provisions of this section with regard to
3 terms shall not apply to the positions of general counsel and
4 consulting engineer. The appointing and employing powers of the
5 municipal authority set forth in this section shall be exercised
6 without regard to the provisions of [Title 11 of the Revised
7 Statutes] Title 11A of the New Jersey Statutes; provided,
8 however, that any municipal authority which, prior to the
9 effective date of this amendatory act, has accepted the
10 jurisdiction of the Department of [Civil Service] Personnel, other
11 than by reason of compliance with a court order, shall continue to
12 be subject to the provisions of Title 11] subject to Title 11A of
13 the New Jersey Statutes.

(cf: P.L. 1985, c. 537, s. 2)

15 4. Section 5 of P.L. 1960, c. 183 (C. 40:37A-48) is amended to
16 read as follows:

17 5. a. After expiration of the period of 45 days following the
18 first publication as provided in section 3 hereof of a notice
19 regarding creation of an authority, 5 persons shall be appointed as
20 the members of the authority. The members first appointed
21 shall, by the resolution of appointment, be designated to serve for
22 terms respectively expiring on the first days of the first, second,
23 third, fourth and fifth Februarys next ensuing after the date of
24 their appointment. On or after January 1 in each year after such
25 first appointments, one person shall be appointed as a member of
26 the authority for a term commencing on or after February 1 in
27 such year and expiring on February 1 in the fifth year after such
28 year. Each member shall hold office for the term of appointment
29 and until his successor shall have been appointed and qualified,
30 but the holdover period shall not exceed 60 days from the
31 expiration of the term for which he was appointed. Any vacancy
32 in the membership of the authority during an unexpired term shall
33 be filled by appointment of a person as member for the unexpired
34 term. A copy of any resolution appointing any such members,
35 certified by the clerk of the governing body, may be filed in the
36 office of the Secretary of State. A copy of any such certified
37 resolution, duly certified by or on behalf of the Secretary of
38 State, shall be admissible in evidence in any action or proceeding
39 and shall be conclusive evidence of due and proper adoption and

1 filing thereof as aforesaid and, except in an action or proceeding
2 seeking only exclusion of the appointee from office, shall be
3 conclusive evidence of the due and proper appointment of the
4 members named therein.

5 b. Notwithstanding the provisions of subsection a. of this
6 section and section 3 of P.L. 1960, c. 183 (C. 40:37A-46),
7 whenever any county governed by the "Optional County Charter
8 Law," P.L. 1972, c. 154 (C. 40:41A-1 et seq.) shall proceed to
9 reorganize its county improvement authority pursuant to the
10 reorganization powers granted under section 30 of that act (C.
11 40:41A-30), the ordinance adopted for that purpose shall
12 prescribe the number of members of the authority, their
13 respective terms of office, and the dates upon which their
14 respective terms of office shall expire.

15 (cf: P.L.1982, c.113, s.4)

16 5. Section 6 of P.L. 1960, c. 183 (C.40:37A-49) is amended to
17 read as follows:

18 6. Election of officers; terms; appointment of agents and
19 employees

20 Every authority, upon the first appointment of its members and
21 thereafter on or after February 1 in each year, shall annually
22 elect from among its members a chairman and a vice chairman
23 who shall hold office until February 1 next ensuing and until their
24 respective successors shall have been appointed and qualified.
25 Every authority may also appoint and employ[, without regard to
26 the provisions of Title 11, Civil Service, of the Revised Statutes,]
27 a secretary, a treasurer, an executive director and a chief
28 engineer, who shall be in the unclassified service and such other
29 [agents and] employees as it may require, [and it shall determine
30 their qualifications, terms of office, duties and compensation]
31 who shall be in the career service.

(cf: P.L. 1960, c. 183, s. 6)

32 6. (New section) Any person employed by a sewerage
33 authority, municipal utilities authority or county improvement
34 authority on the effective date of this act in a position assigned
35 to the career service by this act, shall be accorded civil service
36 status without having to meet career service qualifications for
37 the position he holds on the effective date of this act.

38 7. This act shall take effect immediately.

1

STATEMENT

3

This bill makes various amendments to the law concerning the membership of sewerage authorities, utilities authorities and improvement authorities. The bill provides for civil service jurisdiction over such authorities and specifies positions that may be assigned to the unclassified service. It also provides that the holdover period for members whose terms have expired shall not exceed sixty days.

9

This bill is part of a body of remedial legislation developed by the Assembly County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

11

13

15

17

AUTHORITIES AND REGIONAL COMMISSIONS

Public Employees and Personnel

19

21

Places certain regional authorities under civil service jurisdiction and qualifies terms of members.

ASSEMBLY, No. 3531

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen ROONEY and HENDRICKSON

1 AN ACT concerning standards of ethical conduct of authority
members and establishing the State Commission on Authority
3 Ethics in the Department of Community Affairs, and making an
appropriation therefor.

5

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

1. As used in this act:

9 a. "Authority" means a body, public and corporate, created by
one or more municipalities or counties pursuant to any law
11 authorizing that creation, which law provides that the public body
so created has at least the following powers:

13 (1) To adopt and use a corporate seal;

(2) To sue and be sued;

15 (3) To acquire and hold real or personal property for its
purposes; and

17 (4) To provide for and secure the payment of its bonds or other
obligations, or to impose charges for the use of its facilities, or
19 any combination thereof.

21 b. "Authority member" means an appointed member of an
authority;

23 c. "Business" means any corporation, partnership, firm,
enterprise, franchise, association, trust, form of
self-employment, or other legal entity organized for profit;

25 d. "Commission" means the State Commission on Authority
Ethics established pursuant to section 2 of this act;

27 e. "Gift" means any money or item of value received other
than as income by an authority member, for which a
29 consideration of equal or greater value is not provided in return,
but shall not include any political contribution reported as
31 otherwise required by law;

33 f. "Interest" means any personal, financial, economic,
property or other concern amounting to a right, advantage, share,
portion, part or participation coming either directly or indirectly
35 to the authority member or to a member of the person's

1 household, singly or in affiliation with any person or party, if the
right, advantage, share, portion, part or participation constitutes
3 more than 1% of the total amount to be gained by, or results in
more than \$2,000 in annual income to, the authority member or
5 household member; except that any personal, financial, economic
or property concern shall constitute an "interest" if the concern
7 is contrary to the policies, welfare or benefit of the authority or
is contrary to the public duties and responsibilities of the
9 authority member;

g. "Loan" means each amount of money owed by the authority
11 member in excess of \$1,000 and the amount representing the
interest thereon, excluding any money owed in installments
13 resulting from retail transactions, money owed to any financial
institution regulated by the State or federal government, and any
15 money owed to a member of the person's household;

h. "Member of household" means the spouse or an authority
17 member residing in the same domicile and any independent
children;

i. "Person or party" means any natural person, association,
19 corporation, estate, partnership, proprietorship, trust or other
legal entity; and

j. "Political contribution" means any contribution or money or
23 other item of value, or obligation therefor, required to be
reported pursuant to "The New Jersey Campaign Contributions
25 and Expenditures Reporting Act," P.L. 1973, c. 83 (C. 19:44A-1
et seq.).

27 2. a. There is established a State Commission on Authority
Ethics within the Department of Community Affairs, which shall
29 consist of:

(1) The Commissioner of the Department of Community Affairs
31 or his designee; and

(2) Four public members: two appointed by the Governor, one
33 appointed by the President of the Senate and one appointed by
the Speaker of the General Assembly. At least one of the four
35 public members shall be serving at the time of appointment as an
appointed authority member. The four public members shall be
37 qualified for their appointments by experience in, and knowledge
of authorities and by virtue of their known and consistent
39 reputation for integrity. No more than two of the appointed
members shall be of the same political party.

1 b. The Governor shall designate one of the public members to
serve as chairman of the commission.

3 c. The public members of the commission shall serve for terms
of five years, except that of the members first appointed, the
5 member appointed by the Speaker of the general Assembly shall
serve for a term of one year, the member appointed by the
7 President of the Senate shall serve for three years, and the
members appointed by the Governor shall serve for five years.
9 Vacancies in the public membership shall be filled in the manner
of the original appointment but only for the unexpired term.

11 d. Members of the commission shall serve without
compensation, but shall be reimbursed for necessary expenses
13 incurred in the performance of their duties.

3. Within 180 days of the effective date of this act, the
15 commission shall adopt a code of ethics for all authority members
which shall substantially relate to the general standards provided
17 herein. After adoption, copies of the code of ethics shall be sent
to each authority for distribution to all authority members.

19 4. a. The commission shall hold a public hearing in Trenton,
Atlantic City and Newark on the code of ethics within 30 days of
21 the adoption thereof. The commission shall cause the code of
ethics and notice of the date, time and place of the public
23 hearings to be published in at least five of the newspapers
circulating within the State. The publication shall occur not
25 more than 15 nor less than five days before each public hearing is
to be held.

27 b. Not more than seven days after the final public hearing, the
commission may amend or supplement the code of ethics as it
29 may deem necessary. Any amendments or supplements adopted
shall be published within 14 days of the final public hearing and in
31 the same manner as provided for the code in subsection a. of this
section.

33 5. The code of ethics shall take effect and be applicable to all
authority members 30 days following the date of the final public
35 hearing or the date of the adoption of amendments or
supplements thereto, whichever is later.

37 6. The code of ethics shall substantially conform to the
following general standards:

39 a. No authority member or members of his household shall
have an interest in any organization, profit or nonprofit, or

1 engage in any business, transaction or professional activity, which
is in substantial conflict with the proper discharge of his duties in
3 the public interest;

b. No authority member shall participate in any action or
5 decision of the authority regarding the awarding of a contract, or
regarding any other regular action taken concerning a business,
7 trade or occupation in which he or a member of his household has
an interest in or is a party to;

9 c. No authority member shall act in an official capacity
regarding any authority matter in which he, a member of his
11 household or a business or other organization with which he is
associated has a direct or indirect concern or interest that might
13 reasonably be expected to affect his objectivity, independence or
judgment;

15 d. No authority member shall undertake any employment or
service, for which he may or may not be compensated, that might
17 reasonably be expected to affect his objectivity and independence
of judgment during the exercise of his official duties;

19 e. No authority member shall use or attempt to use his
position or any information he may receive which is not generally
21 available to the public, to secure unwarranted privileges or
advantages, financial or otherwise, for himself or others;

23 f. No authority member, member of his household, or business
with which he is associated or in which he has an interest shall
25 solicit or accept any gift, favor, loan, political contribution,
service, employment, promise of future employment, or other
27 item of value based upon understanding that any gift, favor, loan,
political contribution, service, employment, promise of future
29 employment, or other item of value was given or offered for the
purpose of influencing him, directly or indirectly, in the discharge
31 of his official duties or for any service, advice or assistance
provided by the authority member as part of his official duties;

33 g. Nothing shall prohibit any authority member or a member of
his household, from representing himself, or himself and members
35 of his household, in negotiations or proceedings concerning his, or
their, own interest in real property; and

37 h. No authority member shall, within two years next
subsequent to the termination of his term of office, hold, directly
39 or indirectly, any interest in, or hold employment with, or
represent, appear for or negotiate on behalf of a person, firm or

1 corporation which has a contract with the authority, or which had
2 a contract with the authority during the member's term of office,
3 for the provision of goods or services in an amount exceeding
\$50,000 for the term of the contract.

5 7. In addition to promulgating a code of ethics, the commission
shall have the following powers:

7 a. To conduct investigations, hold hearings, compel the
attendance of witnesses and production of any books and papers
9 as the commission shall deem necessary, proper and relevant to a
matter under investigation;

11 b. To administer oaths and examine witnesses under oath;

13 c. To initiate, receive, hear and review complaints regarding
violations of the code of ethics by an authority member;

15 d. To render advisory opinions as to whether or not a given set
of facts and circumstances would constitute a violation of a
provision of the code;

17 e. To enforce the provisions of the code of ethics and to
impose any penalties for the violation thereof as authorized by
19 this act;

21 f. To forward to the county prosecutor any information
concerning violations of a code of ethics which may become the
subject of criminal prosecution or warrant the institution of other
23 legal proceedings;

25 g. To formulate such rules and regulations as are necessary to
perform its duties; and

27 h. To rule, upon request of any authority member or any State,
county or municipal department, division or agency, on any
conflict which may arise between the standards of conduct set
29 forth in the code of ethics adopted pursuant to this act and any
standards of conduct for authority members set forth in any State
31 rule, regulation, order or directive.

33 8. Whenever an authority member determines that any action
he may take in the performance or exercise of his duties,
functions or responsibilities as an authority member, may
35 constitute a violation of the code of ethics, the authority member
shall file a statement of possible conflict of interest and request
37 an advisory opinion from the commission regarding the
statement. The statement shall be made on a form prepared and
39 distributed by the commission and shall contain the following
information:

- 1 a. Name of the authority member and of the authority;
- 2 b. A brief description of the action or actions which may
- 3 result in the possible conflict of interest;
- 4 c. A description of the personal interest the authority member
- 5 has in the result of any action to be taken which may impair or
- 6 influence his objectivity or independence in the performance or
- 7 exercise of his duties; and
- 8 d. A statement on the manner in which the authority member
- 9 intends to act in the circumstance presenting the possible
- 10 conflict.

11 9. The commission shall render, within 30 days of receipt of a
12 statement, an advisory opinion as to whether or not the given set
13 of facts and circumstances would constitute a violation of any
14 provision of the code of ethics, provided that an extension of
15 time in the rendering of the opinion may be agreed to by both the
16 authority member and the commission. The failure of the
17 commission to render an advisory opinion within the time fixed or
18 agreed to shall preclude the commission from instituting any
19 proceeding against or imposing any penalty on the authority
20 member who, as a result of acting in the manner described in the
21 statement, violated the code of ethics, provided that if the
22 information provided in the statement in addition to any relevant
23 information not provided in the statement cause a violation of
24 the code of ethics, the commission may act upon that violation.

25 10. The commission shall not render an advisory opinion,
26 conduct any hearings or issue any ruling on a matter within its
27 jurisdiction that is pending before any court of law of this State.
28 If the commission received a request for an advisory opinion or a
29 ruling on a matter that was pending before a court and the
30 matter is no longer before a court, the commission is not
31 precluded from acting upon a violation of a code of ethics
32 because the commission did not render an opinion pursuant to the
33 provisions of section 9 of this act.

34 11. The commission shall, upon receipt of a signed written
35 complaint by any person alleging that a conduct of an authority
36 member is in violation of the code of ethics, initiate an
37 investigation concerning the facts and circumstances set forth in
38 the complaint. Upon receipt of a complaint, the commission shall
39 determine within 30 days whether or not the complaint is
frivolous or without factual basis. If the complaint is determined

1 to be frivolous or without factual basis, the commission shall
within three days of that determination, notify the complainant
3 and the authority member of its determination. If the
commission shall determine within 30 days that a reasonable
5 doubt exists as to whether or not the authority member may have
violated the code of ethics the commission shall notify the
7 authority member immediately of its determination and:

a. Conduct a hearing concerning the possible violation within
9 30 days of its determination and conduct any additional hearings
it may deem necessary thereafter;

11 b. Notify the authority member that the may submit a
statement or any other relevant information concerning the
13 complaint; and

c. Collect or receive any other information pertinent to the
15 possible violation.

The commission shall, by majority vote of its full membership,
17 determine whether or not the authority member has violated the
code of ethics within 30 days following the close of the hearings.
19 If the commission shall determine that the authority member has
violated the code of ethics, the commission may, by majority
21 vote of its full membership impose any penalties it deems
appropriate within the limitations established in section 13 of this
23 act and shall notify the authority member in writing of any
penalties within three days of imposition. If the commission shall
25 determine that the authority member has not violated the code of
ethics, the commission shall set forth its reasons in writing to the
27 complainant and the authority member within 30 days of that
determination.

29 12. Whenever the commission shall determine that the facts
and circumstances set forth in any complaint or discovered during
31 the investigation of any complaint, may become the subject of
criminal prosecution or may warrant the institution of other legal
33 proceedings, the commission shall forward to the county
prosecutor all information which the commission possesses with
35 regard thereto.

13. a. Any authority member found guilty by the commission
37 of violating the code of ethics shall be fined not less than \$100
nor more than \$500 and may be suspended from his position by
39 order of the commission for a period of not more than one year.

b. If the commission determines that the conduct of the

1 authority member constitutes a willful and continuous disregard
of a code of ethics, the commission may, by majority vote of its
3 full membership, order that the authority member be removed
from his position.

5 When voting to remove an authority member from his position,
the commission may, by majority vote of its full membership, bar
7 that authority member from holding any public office or
employment for a period not exceeding five years from the date
9 on which he was so removed.

11 14. Notice of the time, date and place of all public hearings
conducted by the commission, unless otherwise provided herein,
shall be published in at least two newspapers circulating in the
13 county or counties in which the authority to which the concerned
authority member was appointed is established. The publication
15 shall occur not more than 15 nor less than five days before the
public hearing is held.

17 15. Any person aggrieved by a finding, decision or
determination of the commission is entitled to institute a civil
19 action in a court of competent jurisdiction for injunctive relief to
restrain the imposition of any penalty imposed by the commission
21 for any violation of a code of ethics, for which the court may
proceed in a summary matter. Neither the institution of an
23 action, nor any of the proceedings therein, shall relieve any
person from other fines or penalties imposed for a violation which
25 is not subject to civil action proceedings.

27 16. a. All statements and information received by the
commission shall be available upon request to any federal, State
or county prosecutorial agency for the purpose of conducting any
29 investigation relating to the institution of criminal or other legal
proceedings.

31 b. All statements, complaints, requests or other written
materials filed with the commission, and any rulings, opinions,
33 judgments, transcripts or other official papers prepared by the
commission, shall be preserved for a period of five years from the
35 date of the filing or preparation, as the case may be.

37 17. There is appropriated from the General Fund to the
Department of Community Affairs the sum of \$95,000 to
implement the provisions of this act.

39 18. This act shall take effect 60 days following enactment,
except that section 2 shall take effect immediately.

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STATEMENT

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This bill would establish a State Commission on Authority Ethics in the Department of Community Affairs for the purpose of promulgating and enforcing a code of ethics for appointed members of regional authorities. In addition to promulgating a code, the commission may receive complaints and investigate possible violations of the code, render advisory opinions on possible violations, and impose penalties for willful violations.

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The bill would permit any citizen to file a written complaint with the commission concerning the possible violation of the code by an authority member. If the commission determines that the complaint is not frivolous, the commission shall hold a hearing and permit the authority member to submit any relevant information concerning the complaint. The bill further permits that the commission may impose a fine up to \$500 for any violation and may suspend an authority member from his position for a period of not more than a year. The commission may also order that an authority member be removed from his position. The bill appropriates \$95,000 to the Department of Community Affairs to fund the establishment of the Commission.

23

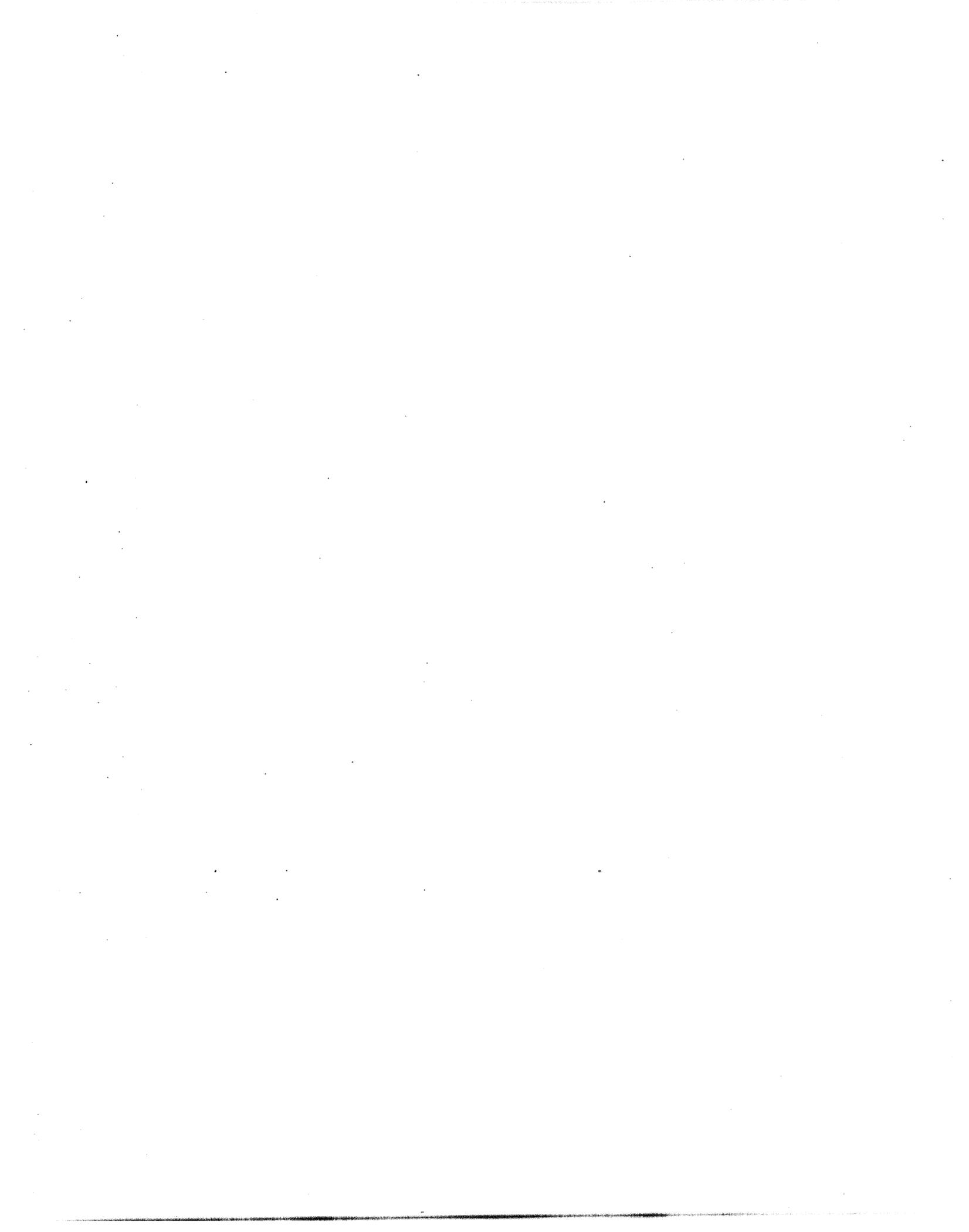
AUTHORITIES AND REGIONAL COMMISSIONS

25

Ethics and Financial Disclosure

27

Establishes the State Commission on Authority Ethics, appropriates \$95,000.



ASSEMBLY, No. 3532

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen DUCH and ROONEY

1 AN ACT concerning the filing of financial disclosure statements
2 by members of authorities and supplementing Title 40 of the
3 Revised Statues.

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

7 1. As used in this act:

8 a. "Authority" means a body, public and corporate, created by
9 one or more municipalities or counties pursuant to any law
10 authorizing that creation, which law provides that the public body
11 so created has at least the following powers:

12 (1) To adopt and use a corporate seal;
13 (2) To sue and be sued;
14 (3) To acquire and hold real or personal property for its
15 purposes; and

16 (4) To provide for and secure the payment of its bonds or other
17 obligations, or to impose charges for the use of its facilities, or
18 any combination thereof;

19 b. "Division" means the Division of Local Government
20 Services in the Department of Community Affairs;

21 c. "Gift" means any money or item of value received other
22 than as income by an authority member, for which a
23 consideration of equal or greater value is not provided in return;

24 d. "Income" means any earned or unearned money or item of
25 value received or to be received from one of more sources
26 totaling amounts in excess of \$1,500.00, and received in the form
27 of a fee, expense, allowance, forgiveness, royalty, bonus, salary,
28 rent, capital gain, dividend or any other form of compensation or
29 combination thereof;

30 e. "Loan" means each amount of money owed by an authority
31 member in excess of \$1,500.00 and the amount representing the
32 interest thereon, excluding any money owed in installments
33 resulting from retail transactions and any money owed to a
member of the person's household; and

1 f. "Member of household" means the spouse of an authority
member residing in the same domicile and any dependent children.

3 2. Each authority member shall file a financial disclosure
statement with the division on May 1 following the transmittal of
5 the forms pursuant to section 3 of this act, and thereafter, no
later than May 1 of each year, except that no authority member
7 holding an appointive position on the effective date of this act is
subject to the provisions of this act until the time of his
9 reappointment.

3. Within 90 days of the effective date of this act, the division
11 shall prepare and transmit to each authority member the form for
the filing of financial disclosure statements. The form shall be
13 structured in a manner and form determined by the division and
shall provide for the following information, and any other
15 information it may deem necessary to be disclosed by an
authority member:

17 a. The sources of income received by an authority member or
a member of the household thereof in the preceding calendar year;

19 b. The source and amount of any gifts received by an authority
member or a member of the household thereof in the preceding
21 calendar year which singly or in the aggregate have a value of
\$250.00 or more;

23 c. The name and address of all businesses and labor unions in
which the authority member or member of the household thereof
25 has served or is serving as an officer, director, owner, trustee,
employee or partner, or with which the authority member or
27 member of the household thereof has had or has any fiduciary
relationship during the preceding calendar year;

29 d. The name and address of each business in which the
authority member or a member of the household thereof, holds,
31 or has held in a preceding calendar year, stocks, securities or
other ownership interest amounting to 10% or more of the stock,
33 securities or other ownership interest in the business; or in which
the authority member or member of the household thereof
35 maintains, or has maintained in the preceding calendar year, the
right upon liquidation or dissolution to receive 10% or more of
37 the net assets of the business;

e. Each creditor with whom the authority member or member
39 of the household thereof has or had, during the previous calendar

1 year, a loan and the amount of the loan and the interest rate
thereon; and

3 f. The address and lot and block number of all real property in
the State in which the authority member or a member of the
5 household thereof has or had in the previous calendar year any
direct or indirect interest.

7 4. a. The division shall review each financial disclosure
statement and determine whether or not the statement is
9 complete and accurate. Upon review, the division may issue an
advisory opinion to the authority member and the governing body
11 appointing the member stating that certain income, loans or gifts
give rise to an appearance of conflict with the member's service
13 as an authority member. Any advisory opinions issued by the
division shall be public records and shall remain on file for five
15 years from the date of issuance.

b. The division may impose and collect fines from any
17 authority member it determines has willfully and knowingly failed
or refused to file a financial disclosure statement or has willfully
19 and knowingly filed a financial disclosure statement which is
false, inaccurate or incomplete in any substantial and material
21 manner or particular. A fine shall not be less than \$500, nor
more than \$5,000.00. Any fines imposed and collected pursuant
23 to this act shall be used by the division to effectuate the purposes
of this act.

25 5. The division may adopt any rules and regulations pursuant to
the provisions of the "Administrative Procedure Act," P.L. 1968,
27 c. 410 (C. 52:14B-1 et seq.) as it may deem necessary to
effectuate the purposes of this act.

29 6. This act shall take effect immediately.

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STATEMENT

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This bill would require members of authorities to file financial
35 disclosure statements with the Division of Local Government
Services in the Department of Community Affairs. The source of
37 income in excess of \$1,500 and gifts in excess of \$250 would be
reported to the division.

39 This bill is part of a body of remedial legislation developed by

1 the County Government and Regional Authorities Committee
arising out of a series of public hearings conducted by the
3 committee on the structure and operation of regional authorities.

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COUNTIES

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Authorities and Regional Commissions

9 Requires financial disclosure statements by members of
authorities.

ASSEMBLY, No. 3533
STATE OF NEW JERSEY

INTRODUCED AUGUST 12, 1988

By Assemblywoman COOPER and Assemblyman ROMA

1 AN ACT concerning absentee voting, amending P.L.1976, c.23,
and amending and supplementing P.L.1953, c.211.

3

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

1. Section 2 of P.L.1953, c.211 (C.19:57-2) is amended to
7 read as follows:

2. Whenever used in this act, the following terms shall, unless
9 the context indicates otherwise, be construed to have the
following meanings:

11 "Absentee ballot" means any military service ballot or
civilian absentee ballot as herein defined.

13 "Absentee voter" means any person qualified to vote a
military service ballot or a civilian absentee ballot under the
15 provisions of this act.

"Armed Forces of the United States" means any branch or
17 department of the United States Army, Navy, Air Force, Coast
Guard or Marine Corps.

19 "Civilian absentee ballot" means a ballot for use by a civilian
absentee voter as prescribed by this act.

21 "Civilian absentee voter" means any qualified and registered
voter of the State who expects to be absent from the State on
23 the day of any election and any qualified and registered voter
who will be within the State on the day of any election but
25 because of illness or physical disability, including blindness or
pregnancy, or because of the observance of a religious holiday
27 pursuant to the tenets of his religion, or because of resident
attendance at a school, college or university, or because of the
29 nature and hours of his employment, will be unable to cast his
ballot at the polling place in his election district on the day of
31 the election.

"Election," "general election," "primary election for the
33 general election," "municipal election," and "special election"

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 shall mean, respectively, such elections as defined in the Title
to which this is a supplement (R.S.19:1-1 et seq.).

3 "Family member" means an adult who is a spouse, parent,
child, grandparent, grandchild or sibling of a voter, whether by
5 adoption or natural relationship. It shall also include any adult
occupant regularly living with a voter in any residential building
7 or part of a building intended for the use of no more than one
family.

9 "Incapacitated absentee voter" means a voter who, due to
incapacity, is unable to complete his ballot.

11 "Military service" means active service by any person, as a
member of any branch or department of the United States
13 Army, Navy, Air Force, Coast Guard or Marine Corps, or as a
member of the maritime or merchant marine service, or as a
15 reservist absent from his place of residence and undergoing
training under Army, Navy, Air Force, Coast Guard or Marine
17 Corps direction, at a place other than that of such person's
residence.

19 "Military service voter" means a qualified elector under the
Constitution and the laws of this State who comes within one of
21 the following categories:

(a) Persons in the military service and their spouses and
23 dependents.

(b) Patients in a veterans' hospital located in any place other
25 than the place of their residences who have been in the military
service in any war in which the United States has been engaged
27 and have been discharged or released from such service.

(c) Civilians attached to or serving with the Armed Forces of
29 the United States without this State and their spouses and
dependents when residing with or accompanying them.

31 "Military service ballot" means a ballot for use by a military
service voter as prescribed by this act.

33 (cf: P.L.1981, c.390, s.1)

2. Section 4 of P.L.1953, c.211 (C.19:57-4) is amended to
35 read as follows:

4. At any time not less than seven days prior to an election in
37 which he desires to vote by mail, a civilian absentee voter may
apply to the person designated in section 6 of this act, for a
39 civilian absentee ballot. Such application or request shall be

1 made in writing, shall be signed by the applicant and shall state
his or her place of voting residence and the address to which
3 said ballot shall be sent, and the reason for which the ballot is
requested.

5 Any military service voter desiring to vote in any election or
any relative or friend of a military service voter who believes
7 that such voter will desire to vote in any election, may apply to
the person designated in section 6 of this act for a military
9 service ballot to be sent to such voter. A military service voter
may use a federal postcard application form to apply for a
11 military service ballot. On any application made by a military
service voter the voter may request a military service ballot for
13 all subsequent elections held during the calendar year in which
the request is made; if such a request is made, a military service
15 ballot shall be sent in a timely manner to the voter for all such
elections.

17 Any civilian absentee voter who fails to apply within the
7-day time prescribed above may apply in person to the county
19 clerk for an absentee ballot on any day up to 3 p.m. of the day
before the election.

21 In the event of sickness or confinement, the qualified voter
may apply in writing for and obtain an absentee ballot by
23 authorized messenger, who shall be so designated over the
signature of the voter and whose printed name and address shall
25 appear on the application in the space provided. The authorized
messenger shall be a family member or a registered voter of the
27 county in which the application is made and shall place his
signature on the application in the space so provided in the
29 presence of the county clerk or his designee. The county clerk
or his designee shall authenticate the signature of the
31 authorized messenger, in the event such a messenger is other
than a family member, by comparing it with the signature of the
33 said person appearing on a State of New Jersey driver's license,
or other identification issued or recognized as official by the
35 federal government, the State, or any of its political
subdivisions, which identification carries the full address and
37 signature of said person. After the signature of the application
and, when appropriate, authentication, the county clerk or his
39 designee is authorized to deliver to the authorized messenger a

1 ballot to be delivered to the qualified voter. The Secretary of
State shall cause to be prepared a standard authorized
3 messenger application form, which may be included with the
standard civilian absentee ballot application forms.

5 A voter who is permanently and totally disabled, and who
states the reason for such disability in a request for an absentee
7 ballot, shall be furnished an application for an absentee ballot by
the county clerk for all future elections in which the voter shall
9 be eligible to vote, without further request on the part of the
voter.

11 (cf: P.L.1981, c.390, s.2)

13 3. Section 7 of P.L.1953, c.211 (C.19:57-7) is amended to
read as follows:

15 7. The county clerk of the county, in the case of any
Statewide or countywide election; the clerk of the municipality,
in the case of any municipal election; the secretary of the board
17 of education, in the case of any school election; and the
commissioners or other governing or administrative body of the
19 district, in the case of any election to be held in any fire
district, road district, sewerage district, street lighting district,
21 water supply district or other special district, other than a
municipality, created for specified public purposes within one or
23 more municipalities, shall publish or cause to be published the
following notices in substantially the following forms:

25 NOTICE TO MILITARY SERVICE VOTERS AND TO THEIR
RELATIVES AND FRIENDS

27 If you are in the military service, including the maritime or
merchant marine service of the United States, or the spouse or
29 dependent of a person in [military] such service or are a patient
in a veterans' hospital or a civilian attached to or serving with
31 the Armed Forces of the United States without the State of New
Jersey, or the spouse or dependent of and accompanying or
33 residing with a civilian attached to or serving with the Armed
Forces of the United States, and desire to vote, or if you are a
35 relative or friend of any such person who, you believe, will
desire to vote in the

37 (municipal, primary, general or other)
election to be held on kindly write to
39 (date of election)

1 the undersigned at once making application for a military
 3 service ballot to be voted in said election to be forwarded to
 you, stating your name, age, serial number if you are in military
 5 service, home address and the address at which you are
 stationed or can be found, or if you desire the military service
 7 ballot for a relative or friend then make application under oath
 for a military service ballot to be forwarded to him, stating in
 your application that he is over the age of 18 years and stating
 9 his name, serial number if he is in military service, home
 address and the address at which he is stationed or can be found.

11 Military service voters may also apply for a military service
ballot by sending a federal postcard application form to the
 13 undersigned.

On the application for a military service ballot, military
 15 service voters may request that a military service ballot be sent
for all subsequent elections held during this calendar year.

17 (NOTE: MILITARY SERVICE VOTER CLAIMING MILITARY
 STATION AS HOME ADDRESS FOR VOTING PURPOSES MAY
 19 NOT USE MILITARY ABSENTEE BALLOT UNLESS
 REGISTERED TO VOTE IN THE MUNICIPALITY WHERE SUCH
 21 STATION IS LOCATED.)

Forms of application other than federal postcard application
 23 forms can be obtained from the undersigned.

Dated

25

(signature and title of county clerk)

27

(address of county clerk)

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31 NOTICE TO PERSONS DESIRING CIVILIAN ABSENTEE
 BALLOTS

If you are a qualified and registered voter of the State who
 33 expects to be absent outside the State on

(date of election)

35 or a qualified and registered voter who will be within the State
 on but because of permanent and total dis-

37 (date of election)

ability, or because of illness or temporary physical disability, or
 39 because of the observance of a religious holiday pursuant to the

1 tenets of your religion, or because of resident attendance at a
 3 school, college, or university, or because of the nature and hours
 of employment, will be unable to cast your ballot at the polling
 place in your district on said date, and you desire to vote in the .
 5

(municipal, primary, general, or other)

7 election to be held on kindly complete the
 (date of election)

9 application form below and send to the undersigned, or write or
 apply in person to the undersigned at once requesting that a
 11 civilian absentee ballot be forwarded to you. Such request must
 state your home address, and the address to which said ballot
 13 should be sent, and must be signed with your signature, and state
 the reason why you will not be able to vote at your usual polling
 15 place. No civilian absentee ballot will be furnished or forwarded
 to any applicant unless request therefor is received not less than
 17 seven days prior to the election, and contains the foregoing
 information.

19 Voters who are permanently and totally disabled shall, after
 their initial request and without further action on their part, be
 21 forwarded an absentee ballot application by the county clerk for
 all future elections in which they are eligible to vote.
 23 Application forms may be obtained by applying to the
 undersigned either in writing or by telephone, or the application
 25 form provided below may be completed and forwarded to the
 undersigned.

27 Dated

29
 (signature and title of county clerk)

31
 (address of county clerk)

33
 (Telephone No. of county clerk)

35 APPLICATION FORM FOR CIVILIAN
 ABSENTEE BALLOT

37 (Form to be prepared by the Secretary of State pursuant
 to section 17 of [this amendatory and supplementary
 39 act.] P.L.1977, c.47 (C.19:57-4.1).)

1 Such notices shall be separately published prior to the 50th
day immediately preceding the holding of any election.

3 Notices relating to any Statewide or countywide election shall
be published by the county clerk in at least two newspapers
5 published in the county. All other officials charged with the
duty of publishing such notices shall publish the same in at least
7 one newspaper published in each municipality or district in
which the election is to be held or if no newspaper be published
9 in said municipality, then in a newspaper published in the county
and circulating in such municipality, municipalities or district.

11 All such notices shall be display advertisements.

(cf: P.L.1985. c.92. s.31)

13 4. (New section) a. Notwithstanding any provision of the
statutory law to the contrary, any military service voter as
15 defined in section 2 of P.L.1953. c.211 (C.19:57-2) and overseas
federal election voter as defined in section 2 of P.L.1976, c.23
17 (C.19:59-2) may apply for a special write-in absentee ballot no
earlier than 90 days and no later than 40 days before the date of
19 an election for electors of President and Vice President of the
United States, members of the United States Senate or members
21 of the United States House of Representatives.

b. The application for a special write-in absentee ballot may
23 be made on the federal postcard application form or on a form
prescribed by the Secretary of State.

25 c. To qualify for a special write-in absentee ballot, the
applicant shall state that he is unable to vote by military service
27 ballot or by civilian absentee ballot or by an overseas federal
election voter ballot due to the requirements of military service
29 or due to living in an isolated or extremely remote area of the
world. This statement shall be made on the federal postcard
31 application form or on the form prepared by the Secretary of
State for that purpose, pursuant to subsection b. of this section.

33 d. Upon receipt of the application, the clerk of the county in
which the applicant was formerly domiciled shall issue the
35 special write-in absentee ballot prescribed by the Secretary of
State. This ballot shall permit the elector to vote by writing a
37 party preference for each office, the names of specific
candidates for each office, or the name of the person whom the
39 voter prefers for each office.

1 e. Any military service voter whose request for a special
write-in ballot is received by the clerk of the county in which
3 the applicant was formerly domiciled after the 40th day
immediately preceding the holding of an election for electors of
5 President and Vice President of the United States, members of
the United States Senate or members of the United States House
7 of Representatives, shall be sent a military service ballot,
pursuant to R.S.19:57-4.

9 5. Section 4 of P.L.1976, c.23 (C.19:59-4) is amended to read
as follows:

11 4. Requests for an application to vote in a federal election as
an overseas federal election voter may be made by or on behalf
13 of an applicant to the county clerk of the county in which the
applicant was formerly domiciled or to the Secretary of State of
15 New Jersey if the applicant does not know the county of his
former domicile. All such applications shall be forwarded by air
17 mail to such voters.

To qualify an applicant to be sent a ballot and to vote in an
19 election [his], the applicant's completed application shall be
received by the appropriate county clerk on or before the
21 [thirtieth] 30th day preceding the election.

(cf: P.L.1978, c.130, s.1)

23 6. Section 12 of P.L.1976, c.23 (C.19:59-12) is amended to
read as follows:

25 12. [A separate application shall be made for each federal
election in which an overseas citizen desires to vote.] An
27 overseas federal election voter may request, on an application
form, an overseas federal election voter ballot for all federal
29 elections held during the calendar year in which the request is
made. Any instructions sent to an applicant pursuant to section
31 5 of P.L.1976, c.23 (C.19:59-5) shall inform the applicant that
such a request may be made. If such a request is made, an
33 overseas federal election voter ballot shall be sent in a timely
manner to the voter for all such elections.

35 (cf: P.L.1976, c.23, s.12)

37 7. This act shall take effect on January 1st following
enactment.

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STATEMENT

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This bill makes certain changes in current law to make it easier for military service voters and overseas federal voters to apply for and vote in elections in New Jersey.

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Specifically, the bill permits military service voters to apply for a military service absentee ballot for all elections held during the calendar year in which the request is made by using a federal postcard application form or a regular application form. It also provides that overseas federal voters may use one federal postcard application form or regular application form to apply for an absentee ballot for all federal elections held during the calendar year in which the request is made. Further, the bill allows military service voters and overseas federal election voters to apply for a special write-in absentee ballot no earlier than 90 days and no later than 40 days before the date of an election for President or members of the United States Senate or House of Representatives. To qualify for a special write-in ballot, the applicant shall state that he is unable to vote by military service ballot, civilian absentee ballot or an overseas federal election ballot due to the requirements of military service or due to living in an isolated or remote area of the world. Lastly, the bill includes active service as a member of the maritime or merchant marine service of the United States as military service, thus allowing those members to qualify as military service voters.

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ELECTIONS

Vote Procedures and Ballots

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Permits military service and civilian absentee voters to register and vote in all federal, State, county and municipal elections by using one federal postcard application form.



ASSEMBLY, No. 3534
STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen HUDAK and ROONEY

1 AN ACT concerning conflict of interest by members of certain
authorities, amending P.L. 1957, c. 183 and P.L. 1960, c. 183,
3 and supplementing P.L. 1946, c. 138 (C. 40:14A-1 et seq.).

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

7 1. Section 15 of P.L. 1957, c. 183 (C. 40:14B-15) is amended to
read as follows:

9 15. a. No member, officer or employee of a municipal authority
shall have or acquire any interest, direct or indirect, in the utility
11 system or in any property included or planned to be included in
the utility system or in any contract or proposed contract for
13 materials or services to be furnished to or used by the municipal
authority, but neither the holding of any office or employment in
15 the government of any county or municipality or under any law of
the State nor the owning of any property within the State shall be
17 deemed a disqualification for membership in or employment by a
municipal authority, and members of the governing body of a
19 local unit may be appointed by such governing body and may
serve as members of a municipal authority.

21 b. Any member of a municipal authority who shall accept from
any person, whether directly or indirectly and whether by himself
23 or through his spouse or any member of his family or through any
partner or associate, any gift, favor, service, employment or
25 offer of employment or any other thing of value which he knows
or has reason to believe is offered to him with intent to influence
27 him in the performance of his public duties and responsibilities
shall be guilty of misconduct in office.

29 (cf: P.L.1957, c. 183, s. 15)

31 2. Section 10 of P.L. 1960, c. 183 (C. 40:37A-53) is amended to
read as follows:

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.

ASSEMBLY, No. 3535
STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen KLINE and HUDAK

1 AN ACT concerning the accumulation and payment of vacation
and sick leave time to employees of regional authorities, and
3 supplementing Title 40 of the Revised Statutes.

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

7 1. The Legislature declares it to be the public policy of the
State that public employees be allowed to accumulate a fair and
9 reasonable amount of vacation and sick leave time, but that any
supplemental compensation paid upon retirement based upon
11 accumulate vacation and sick leave time be limited to a
reasonable amount and be pursuant to a uniform standard for all
13 public employees, and that payments in excess of a reasonable
limitation as established by the Legislature are against public
15 policy.

17 2. "Authority" means a body, public and corporate, created by
one or more municipalities or counties pursuant to any law
authorizing that creation, which law provides that the public body
19 so created has at least the following powers:

(1) To adopt and use a corporate seal;
21 (2) To sue and be sued;
(3) To acquire and hold real or personal property for its
23 purposes; and

(4) To provide for and secure the payment of its bonds or other
25 obligations, or to impose charges for the use of its facilities, or
any combination thereof.

27 3. Employees of an authority, unclassified and career service,
under civil service jurisdiction or not under civil service
29 jurisdiction, shall receive sick and vacation leave only as provided
for political subdivision employees pursuant to N.J.S. 11A:6-3 and
31 N.J.S. 11A:6-5. If supplemental compensation is paid for
accumulated sick leave it shall be calculated and the maximum
33 payment shall be limited, after the effective date of this act, as
provided in N.J.S. 11A:6-19.

1 4. This act shall take effect immediately.

3

STATEMENT

5

7 This bill limits vacation and sick leave time awarded to
9 employees of regional authorities to the amount provided by
11 N.J.S. 11A:6-3 and N.J.S. 11A:6-5 to employees of the various
13 political subdivisions of the State, such as counties and
15 municipalities. The bill also puts a cap on the amount of
17 supplemental compensation that may be paid to an authority
19 employee for accumulated sick leave. The limit would be the
21 same as provided for State employees, which is currently
\$15,000. An employee would not be allowed to accumulate more
than one year's vacation time, but sick leave may be
accumulated without limit. Sick leave is a form of insurance
against loss of income if the employee has an extended illness.
The accumulated sick leave represents days of work for which the
employee has already been paid. To pay again for the same days
upon retirement, without a reasonable limit, is not fair to the
general public whose taxes support such payment.

23 This bill is part of a body of remedial legislation developed by
25 the Assembly County Government and Regional Authorities
Committee arising out of a series of public hearings conducted by
the committee on the structure and operation of regional
authorities.

27

29

AUTHORITIES AND REGIONAL COMMISSIONS

Local Officers and Employees

31

33 Places limit on amount of supplemental compensation that may
be paid authority employees for accumulated sick leave.

ASSEMBLY, No. 3536
STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen HENDRICKSON and ROONEY

1 AN ACT concerning the sale of bonds by authorities and
supplementing P.L. 1983, c. 313 (C. 40A:5A-1 et seq.).

3

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

1. "Authority" means a body, public and corporate, created by
7 one or more municipalities or counties pursuant to any law
authorizing that creation, which law provides that the public body
9 so created has at least the following powers:

- (1) To adopt and use a corporate seal;
- 11 (2) To sue and be sued;
- (3) To acquire and hold real or personal property for its
13 purposes; and
- (4) To provide for and secure the payment of its bonds or other
15 obligations, or to impose charges for the use of its facilities, or
any combination thereof.

17 2. Sale of bonds

All bonds shall be sold at public sale upon sealed proposals,
19 except that bonds may be sold at private sale:

- a. Without any previous public offering
 - 21 (1) if constituting all or part of an authorized issue of \$100,000
or less, or
 - 23 (2) if sold to any board, body, agency, commission,
instrumentality, district, authority or political subdivision of any
25 local unit, or of the State, or of the federal government; or
- b. If no legally acceptable bid is received at advertised public
27 offering, such bonds or any of them may be sold within 30 days
after the advertised date for public bidding, provided, however,
29 that no bonds shall bear interest at any rate of interest which is
higher than the rate or maximum rate specified in the notice of
31 sale, or contain substantially different provisions from those
specified in said notice.

33 Any purchaser of bonds at private sale, other than a public
body, shall deposit a certified or cashier's or treasurer's check
35 drawn upon a bank or trust company in an amount equal to 5

1 percent of the amount of bonds purchased and such amount shall
be applied as in the case of a deposit made at public sale.

3 Any private sale of bonds shall be made or confirmed by
resolution of the authority adopted by not less than a 2/3 vote
5 of the full membership thereof, setting forth the date,
maturities, interest rate and price of the bonds and the name of
7 the purchaser.

3. Sale of bond anticipation notes or capital notes

9 All bond anticipation notes or capital notes may be sold at
private sale pursuant to resolution of the authority, or by a
11 financial officer of the authority expressly designated by
resolution to sell such notes. The financial officer making any
13 such sale shall report in writing to the authority at the next
meeting thereof as to the principal amount, interest rate, and
15 maturities of the notes sold, the price obtained and the name of
the purchaser.

17 4. Minimum price for obligations

No obligations shall be sold for less than par value and interest
19 accrued to date of delivery.

5. Publication of notice of sale of bonds

21 A public sale of bonds shall be advertised at least once at least
seven days prior thereto in a newspaper qualified for publication
23 of a bond resolution of the authority and in a publication carrying
municipal bond notices and devoted primarily to financial news or
25 the subject of State and municipal bonds and published in the City
of New York or in New Jersey.

27 6. Contents of notice of sale of bonds

A notice of public sale of bonds shall set forth:

- 29 a. the principal amount, date, denomination and maturities of
the bonds offered for sale;
- 31 b. the rate or rates of interest or maximum rate or rates of
interest to be borne by the bonds;
- 33 c. the terms and conditions of such public sale;
- d. such other provisions as may be determined by the authority.

35 7. Sale of bonds

a. All bidders shall be required to deposit a certified or
37 cashier's or treasurer's check, drawn upon a bank or trust
company, equal to not less than 2 percent of the bonds to secure
39 the authority in part from any loss resulting from the failure of

1 the bidder to comply with the terms of his bid, or as liquidated
damages for such failure.

3 b. All bids for bonds shall be publicly opened and announced at
the advertised time and place of sale. Such bids as comply with
5 the terms of the notice of sale shall be considered, and any bid
not complying with the terms of such notice may be rejected. All
7 bids received may be rejected.

c. Bonds of two or more issues may be sold on the basis of
9 combined maturities, or the maturities of each issue offered for
sale.

11 d. Bonds may be offered for sale at a single rate of interest, or
bidders may be requested to name a single rate of interest, but no
13 proposal shall be considered which offers to pay less than the
principal amount of bonds offered for sale or which names a rate
15 of interest higher than the lowest rate of interest stated in any
legally acceptable proposal. As between proposals naming the
17 same lowest rate of interest, the proposal offering to accept the
least amount of bonds shall be accepted, the bonds to be accepted
19 shall be those first maturing, and as between such proposals, the
proposal offering to pay the greatest premium shall be accepted.
21 The amount of premium bid for the bonds shall in no event exceed
\$1,000 for the principal amount of bonds offered for sale. In
23 order to effect the foregoing, a sufficient number of the last
maturing bonds shall be of the denomination of \$1,000 or less.

25 e. Bonds may be offered for sale at different rates of interest
for the same issue or different rates of interest for different
27 issues, or parts thereof, or bidders may be requested to name any
such rates of interest. No proposal shall be considered which
29 offers to pay an amount less than the principal amount of bonds
offered for sale or under which the total loan is made at an
31 interest cost higher than the lowest net interest cost to the
authority under any legally acceptable proposal. Such net
33 interest cost shall be computed in each instance by adding to the
total principal amount of bonds bid for, the total interest cost to
35 maturity in accordance with such bid and by deduction therefrom
of the amount of premium, if any, bid.

37 f. The authority may establish additional terms or conditions
of sale.

39 8. Sale of bonds at one time or in installments

1 Any issue of bonds may be sold at one time or in installments
at different times. The maturities of an installment of bonds
3 offered for sale when combined with all maturities of the issue
previously sold, shall be such as to comply with requirements as
5 to maturities of a single issue of bonds. Any unsold part of an
issue or installment may be sold notwithstanding that the
7 maturities thereof, when considered alone, do not comply with
such requirements.

9 9. Power of financial officer to sell bonds

The authority, by resolution, may designate a financial officer
11 of the authority to sell and award bonds in accordance with the
advertised terms of public sale. The financial officer making any
13 such sale shall report in writing to the authority at the next
meeting thereof as to the principal amount, interest rate, and
15 maturities of the bonds sold, the price obtained and the name of
the purchaser.

17 10. This act shall take effect immediately and shall be
applicable to the sale of bonds by all authorities, notwithstanding
19 the provisions of law pertaining to any specific authority enacted
prior to the effective date of this act.

21

STATEMENT

23

This bill requires all regional authorities to sell their bonds at
25 public sale and at the lowest net interest cost. It closely follows
the provisions concerning the sale of bonds by counties and
27 municipalities as set out in the "Local Bond Law" (N.J.S. 40A:2-1
et seq.). The bill excepts bond issues of less than \$100,000 and
29 bonds sold to State, federal or local governments, from its
provisions.

31 This bill is part of a body of remedial legislation developed by
the Assembly County Government and Regional Authorities
33 Committee arising out of a series of public hearings conducted by
the committee on the structure and operation of regional
35 authorities.

37 AUTHORITIES AND REGIONAL COMMISSIONS

Local Budget and Finance

39

Requires regional authorities to sell their bonds at public sale.

ASSEMBLY, No. 2694

STATE OF NEW JERSEY

INTRODUCED MARCH 7, 1988

By Assemblymen ROONEY and BAER

1 AN ACT concerning salary ranges to be established by municipal
2 utilities authorities and supplementing P.L. 1957, c. 183 (C.
3 40:14B-1 et seq.)

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

7 1. This act shall be known and may be cited as the "Municipal
8 Utilities Authority Salary Disclosure Act."

9 2. Every municipal utilities authority established pursuant to
10 P.L. 1957, c. 183 (C. 40:14B-1 et seq.) shall establish a salary
11 range for all positions of employment which are in the
12 unclassified service of civil service. Each salary range shall have
13 a maximum salary which shall be no more than 15% greater than
14 the starting salary for that particular range. The salary ranges
15 for each position, and any change in the salary ranges, shall be
16 published at least once annually in a newspaper of general
17 circulation within the county and municipality where the
18 authority is located.

19 3. Appointments to positions for which a salary range has been
20 established pursuant to section 2 of this act, any change in the
21 salary ranges, and any increase of an employee's salary which is
22 in excess of 9% of the employee's base salary, shall be made at a
23 meeting which is open to the public, and by a vote of not less
24 than a majority of the entire membership.

25 4. This act shall take effect immediately and all salary ranges
26 required by sections 2 of this act shall be established within six
27 months of the effective date of this act.

29

STATEMENT

31

32 This bill requires municipal utilities authorities to establish
33 salary ranges for all unclassified positions. Each range shall have
34 a spread of no more than 15% from starting to maximum salary.
35 The ranges shall be published annually. All appointments to an
unclassified range position, any change in the salary ranges and

1 any increase of an employee's salary within the range in excess
3 of 9% of the base salary, shall be at a public meeting and by at
5 least a majority vote of the full membership of the authority.
Municipal utilities authorities will have six months from the
effective date of the act to established the required ranges.

7

MUNICIPALITIES

9

Public Utilities

11 Requires municipal utilities authorities to establish and publish
salary ranges.

ASSEMBLY, No. 2887

STATE OF NEW JERSEY

INTRODUCED APRIL 18, 1988

By Assemblymen ROONEY, SCHUBER, Baer, Mazur, Gill
and Duch

1 AN ACT concerning certain trips by local officials and
supplementing Title 40 of the Revised Statutes.

3

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

1. This act shall be known and may be cited as the "Local
7 Government Junket Disclosure Act."

2. As used in this act, "qualified entity" means any county or
9 municipality, and any authority, board, commission or other
instrumentality thereof.

11 3. Each qualified entity shall, in its annual budget, specifically
identity the amount to be appropriated for the current year to
13 defray the costs of overnight trips by officials and employees.

15 4. Each trip by an official or employee of a qualified entity,
which involves more than two nights' lodging at the expense of
that entity, shall be approved by the governing body of that
17 qualified entity by majority vote of its full membership, at a
regularly scheduled public meeting of the entity or a special
19 public meeting advertised at least five days in advance in a
newspaper enjoying general circulation in the county,
21 municipality, or area of service of the entity, as the case may
be. In the case of a qualified entity which has no governing body,
23 the management of the entity shall provide notice of the approval
of a trip involving more than two nights' lodging at the expense
25 of the entity. Such notice shall be provided at least five days in
advance of the day of departure for the trip, in a newspaper
27 enjoying general circulation in the entity's area of service.
Nothing in this section shall be construed to prohibit the approval
29 of more than one trip at any given meeting or the provision of
notice of approval for more than one trip.

31 5. At the time appropriate to the budget year of each qualified
entity, the governing body of that entity shall approve the total
33 amount expended for overnight trips during that budget year, at a
regularly scheduled public meeting of the entity or a special

1 public meeting advertised at least five days in advance in a
 2 newspaper enjoying general circulation in the county,
 3 municipality, or area of service of the entity, as the case may
 4 be. In the case of a qualified entity which has no governing body,
 5 the management of the entity shall provide notice of the
 6 approval of the appropriate amount in a newspaper enjoying
 7 general circulation in the entity's area of service.

8 6. This act shall take effect immediately, and section 3 shall
 9 apply to each appropriate budget year beginning after the
 10 effective date of this act.

11

12

STATEMENT

13

14 This bill, entitled the "Local Government Junket Disclosure
 15 Act," provides mechanisms for monitoring trips by officials and
 16 employees of counties, municipalities, and local authorities,
 17 boards, commissions and other instrumentalities. Essentially, the
 18 bill requires: that budget information be provided on such trips;
 19 that, where appropriate, such trips be voted on in order to be
 20 authorized; and that the total expenditures for such trips be
 21 approved by the appropriate entity.

22

23 In addition to providing for monitoring and public information,
 24 the bill is intended to discourage excessive expenditures on trips
 25 and conventions by public bodies.

26

LOCAL BUDGET AND FINANCE

27

Public Employees and Personnel

28

29 Establishes monitoring and reporting requirements for local
 30 junkets.

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* * * * *



ASSEMBLYMAN JOHN E. ROONEY (Chairman): This is a continuing public hearing on bills dealing with regional authorities reform legislation. I was just with Andrew Chapman, Director of the Office of Financial Management, Department of the Treasury. He has a written statement which I will give to the people from OLS. It will be entered into the testimony. We won't read it at this time.

I understand we have a representative from Common Cause here today.

EDWARD MCCOOL: Right here.

ASSEMBLYMAN ROONEY: You have a train to catch, so we will call you right up for your testimony at this time. This is dealing with financial disclosure in the ethics portion of the legislation that has been proposed.

MR. MCCOOL: That's right.

ASSEMBLYMAN ROONEY: Thank you.

MR. MCCOOL: Thank you, Mr. Chairman.

ASSEMBLYMAN ROONEY: Please state your name.

MR. MCCOOL: My name is Ed McCool. I am Executive Director with New Jersey Common Cause. I appreciate the consideration you have extended to me by letting me lead off here.

First, I would like to commend the Committee, and particularly the Chairman, for addressing, among other things, the whole issue of ethics and full disclosure of members of authorities. I would just like to state that we actively endorse any legislative effort in that direction.

I was going over A-3531, which establishes the authority ethics in the State Commission on Authority Ethics in the Department of Community Affairs, and it is an excellent bill. To my appearance, it covers all of the bases, and quite adequately. I really just want to underscore the need for this type of thing in any kind of level of government. It is absolutely essential. There may be expressed concerns about

the inconveniences that disclosure and standards of ethics and the like would impose on volunteer members -- non-paid members. It would be harder to recruit people for these types of positions. In states that have enacted very tough and very comprehensive ethical standards, and the enforcement of them, they haven't dried up. They haven't had to go offering salaries of \$50,000 to get people to fill what otherwise were volunteer posts. In fact, in this society particularly, there are enough well-educated and well-qualified people who would be willing to contribute to the community under these types of terms and conditions, so that if anyone found it an unnecessary invasion of privacy in their eyes, or an inconvenience, they would be free not to take the position. In fact, the growing role of authorities and the like in our governmental society makes it mandatory that we have some type of formal process, that we not run this whole thing on the honor system.

To adopt a code of ethics is not to impugn the integrity of anyone who is adopting it. If anything, it is a statement as to how trustworthy they really are. All public officials appreciate the dilemma of having to operate in an ethical vacuum, and having to always hope you are making the correct ethical choice, and fear of being criticized after the fact from a perspective that was not active at the time you had to make that decision. One of the advantages of having a code of ethics and having an active body to render decisions on that code is, it provides that you don't have to operate in the dark. You can basically present your problem to them. They will give you their opinion and, regardless of what the reaction is, you can at least cite the fact that you sought counsel, that you were operating under a prescribed code, and that the approval for that action was given. Then there may be a problem with the code, but certainly not with the official and the official's actions.

So, it basically provides that type of stability, and it actually makes it easier in the long run to recruit people to serve on these. Nothing makes people shy away quicker than a scandal where someone was volunteering to do something for the community. Someone else made what in hindsight looks to be a totally inappropriate judgment. This person happened to be a part of it, and before their association with this body they had a perfectly good name in the community. Now they are embittered. They feel they have been had, and all because there was an ethical vacuum where nobody knew one way or the other what to do. So, in fact, the case runs the other way. By having a code of ethics it makes it easier to recruit folks, and people know what the rules of the game are before they accept the position. That is the other thing. All of us have different moral standards, different ethical standards with broad parameters. We operate day to day knowing that, and we accept that. When we get into a small body with concentrated power in a specific area, it is important that everyone know the rules of the game before they begin, not just as to what the power of that body is, but what are the ethical uses of that power.

This, again, simply does a common sense thing of laying it down so that everyone knows before they start. Assembly Bill 3531 lays it down most comprehensively.

It is absolutely essential that disclosure be a part of the establishment of any ethical standard. Without disclosure, and without that disclosure being made publicly available, enforcement goes back to the honor system. Again, the point of it is to objectify as much of this as possible, and take it out of the area of subjective judgment.

I would ask the Committee to consider, and the Chair to consider, in the case of A-3532, which allows members to receive gifts -- "would require members of the authority to file financial disclosure statements on a source of income in

excess of \$1500, and gifts in excess of \$250--" My own personal feeling is, why allow gifts at all? I would kind of think that at least the appearance of conflict is minimized. There are two standards here. One is to prevent conflict of interest, and the other is an even higher one, which is to avoid situations in which there is the appearance of conflict. I, myself, could live with the \$250 limit, but since we are talking about trying to create it really well, we wonder why not just prohibit the acceptance of any gifts? There is a statement that you cannot accept them if you know they are being offered to influence your decision.

ASSEMBLYMAN ROONEY: Just as clarification, I sat as a member of one of these authorities. This is probably the result of a lot of this legislation. But on the gift portion of it-- A lot of times there might be a bond issue that goes out, and sometimes the bonding companies -- the underwriters -- might give some sort of a token to the members as a, you know, a token of the bond issue. One of the things we received was a little clock with a little inscription on it. This was for the particular--

ASSEMBLYMAN HUDAK: A commemoration.

ASSEMBLYMAN ROONEY: Yeah, it was just a commemorative type thing. That is why it might be a gift. But it was after the issue, and it was a commemorative type thing of the issue. There was also, I think, a picture frame with a little lithograph of the issue itself. They were expensive for that particular company to put out -- the frames and the issue -- so I think the \$250 limit was put in there, or should be in there.

MR. McCOOL: Yeah, it is. There is a \$250 limit. Okay. My feelings about the gift issue are not so strong. I certainly would not want to jeopardize the whole package. I think this is an outstanding effort in a direction that really needs it. I would like to personally offer my own services to help recruit as many co-sponsors for this piece as possible.

Anything our organization can do to move these bills, you have our support on.

Thank you.

ASSEMBLYMAN ROONEY: We appreciate it.

ASSEMBLYMAN HUDAK: Those two particular bills you are talking about -- 3531 and 32?

MR. McCOOL: Actually 34, too.

ASSEMBLYMAN ROONEY: And 34.

ASSEMBLYMAN HUDAK: 34?

MR. McCOOL: Yeah. It provides "the acceptance of the gift or favor by members of certain authorities which was offered to influence duties is misconduct."

ASSEMBLYMAN ROONEY: What we are trying to do, too, Ed, is-- I talked to Senator Contillo just recently, because he has another package dealing with all levels of government. We have taken it basically on the authorities, and we are probably going to extend it to county government. We may look at municipal government also. We are trying to forge a package that may be merged -- where Senator Contillo's package and this package may be merged.

MR. McCOOL: Yeah, he has a mandatory code of ethics kind of thing.

ASSEMBLYMAN ROONEY: Yeah. So, we're looking at both things. We're looking at two different approaches, and somewhere we are going to meet in the middle. I believe that is the approach.

MR. McCOOL: Okay.

ASSEMBLYMAN ROONEY: So, whatever you are doing on that side, make sure you keep us abreast of it.

MR. McCOOL: Sure.

ASSEMBLYMAN ROONEY: I know the Association of Counties is here. The League of Municipalities is also interested in it. I think what we will be doing is trying to put together a good package that is going to be acceptable to everyone. I think it is going to require some compromise.

MR. McCOOL: Right. Well, you are starting out well. This is a strong model package you have.

ASSEMBLYMAN ROONEY: Yeah, very strong.

MR. McCOOL: Well, I wouldn't want to see a single word changed in it in the other direction.

ASSEMBLYMAN ROONEY: Right. We appreciate your testimony. Thank you.

MR. McCOOL: Thank you very much.

ASSEMBLYMAN ROONEY: Let's see, who else do we have here today to testify? Do we have a list down there? (no response)

I just want to acknowledge that we have Assemblyman Hudak present with us, a member of our Committee. And Assemblyman Cimino is here to testify, I believe, or just for questions.

A S S E M B L Y M A N A N T H O N Y J. C I M I N O:
Maybe at some point.

ASSEMBLYMAN ROONEY: Maybe at some point, okay. We have Vincent Trivelli, from the CWA.

V I N C E N T M. T R I V E L L I: I am Vince Trivelli. I am the Legislative and Political Coordinator of CWA New Jersey. We want to comment on three bills -- A-3526, A-3530, and A-3535.

The first two deal with the question of Civil Service and unclassified versus classified Civil Service. We feel there is little justification, as we believe these bills do, for the continued use of unclassified service in any level of government, be they authority, local, or State government. The unclassified workers serve at the pleasure of the employer. They can be fired without a hearing, and they can be fired without notice, and we are opposed to those sorts of things, as you can imagine.

A-3526 sets up a procedure so that unclassified positions have to be run through the Merit System Protection

Board in order to remain unclassified. We would go along with that, but we are concerned that there is no standard there. It merely says that they have to go to the Merit System Board. We believe it should really refer back to the Constitution of the State, which sets up merit and fitness as the standard, and say that the only way that a title can remain noncompetitive -- I'm sorry, unclassified, is that there is no competitive process that makes it practicable to rank and evaluate the position. That is the standard that should be used. If they can't pass that standard, then the position should be a classified Civil Service position. The only way they should be unclassified is if there is no way to evaluate and rank it.

On A-3530, we think that is generally a good bill. There is one technical fix which I talked to Mr. Kennedy about, which I think is just a printing error on pages 3 and 4 of the bill. My understanding is, the brackets which begin on page 4, in the middle of line 1-- Those brackets should end in the middle of line 12, after the term "Title 11." All that between the brackets should be taken out. The brackets in the middle are irrelevant. What that does is move everybody over -- move virtually all titles over to 11A, and we support that, again, for the same reasons that I mentioned about the other bill -- concern with the continued use of unclassified titles outside of Civil Service. We would support moving the titles over to the classified service. (pause here while Chairman consults with Committee aide, Mr. Kennedy)

MR. KENNEDY: All of this comes out (demonstrating). When they did the technical review, they put brackets around this because there is a change up in 11 and 11A. When you read it, it is hard to discover where the bracket ends. It ends down here, so all of this is out. It should read: "As it may require subject to Title 11A of the New Jersey statute."

ASSEMBLYMAN ROONEY: Okay.

MR. KENNEDY: It is just a technical thing.

MR. TRIVELLI: Right. The last bill on a slightly different subject is A-3535, which deals with accumulated sick leave. Now, we understand and appreciate the reason for this bill in terms of abuses of accumulated sick leave that have backed up to large amounts. We just believe that -- we represent State employees and local government employees -- if there is a bargaining unit, that this kind of question should be open to negotiation. We do negotiate this at the local government level. We are not, because of the statute, able to negotiate it at the State level, but we do negotiate it at the local government level. We believe it should not be limited like this in the statute. If there is a bargaining unit there, or titles within a bargaining unit, it should be open to negotiation.

ASSEMBLYMAN ROONEY: Just to go back over some of the testimony, on the unclassified, I think we all realize what the unclassified are. In many cases, they have been the political appointments. Some of them are the management appointments. They do not fall within the Civil Service definition. What we are trying to do is-- We are probably trying to straddle the fence. Maybe we shouldn't be doing that, but that is the long and short of it. We are trying to walk that line that we will allow a political appointment, but it should at least be making qualifications for those particular appointments. That was my objection, and that was why some of this has come to fruition.

I have seen people appointed in, let's see, I am trying to remember -- in the clerk/typist position, who couldn't type, couldn't do any clerical work whatsoever, and just because they had an open position for the unclassified service, they made her a clerk/typist. Some of the abuses are very bad.

How do you get around it? You get around it by asking, first, if you are going to call them clerk/typists, they better be able to type; they better have some

qualifications. So, these are some of the reasons behind the legislation.

MR. TRIVELLI: Right, but if you move-- Our position would be, if you want to create a management level which is unclassified and can be political appointments, that is one thing. We believe also that, you know, Civil Service created the Senior Executive Service, and that should be used for that. But, you know, in the real world, they do use the unclassified to do that, and that is fine. But when you get down to the level of clerk/typist, that position should not be an unclassified Civil Service position. Those should be moved over to classified.

Just a little aside: We have a situation going with the Department of Education, which is at the State level, and there has been a series of hearings on it because of the scandal, which we have all heard about in the Department of Education. Even the Commissioner agreed that one of the reasons why the scandal was able to go on as long as it did was because virtually everyone in the Department of Education is unclassified. They have no rights. So, they are afraid to come forward with information about problems that they know about because they could be fired by their superiors without any hearing, without any notice, and without any ability to protect themselves.

So, we are supporting efforts to move people from the unclassified service to the classified service, for those reasons.

ASSEMBLYMAN ROONEY: Let's take another look at that to see if there is some way to do what you are looking to do and some of the things we are trying to do also. I agree, but I also have to face the reality that we have 80 members in the Assembly, and 40 in the Senate, and we are going to have pros and cons on it. We want to get a bill that is going to get passed. I want some reform. I will settle for compromise

reform. You may not want to do that from your standpoint. Common Cause may not want to do that. They may want the whole pie. I will settle for half. I'll take some reform, because we know that a lot of these authorities are running rampant. There is no question that there are abuses out there. If we can tighten up on some of them now and continue to work on it-- Let's put some safeties in there, and try to do it again. This is a big package to get your arms around. It is a very large package.

MR. TRIVELLI: It is a big package. We would be willing to work with you on these issues.

ASSEMBLYMAN ROONEY: See if you can come up with some possible language that might strengthen it.

MR. TRIVELLI: Fine.

ASSEMBLYMAN ROONEY: Again, that is what the purpose of these hearings is -- to take these bills and make them more palatable. There is going to be a middle row. There is no question about it, because that is basically what good government is all about. We can take the issues from both sides and come to a compromise, but there will be authorities reform legislation, I promise you. It will be released from this Committee. Hopefully, it will be signed by the Governor, but there is a long road in-between.

MR. TRIVELLI: Right. We will forward you some language then.

ASSEMBLYMAN ROONEY: Thank you.

MR. TRIVELLI: Thank you.

ASSEMBLYMAN ROONEY: Our next witness will be Mr. Henry Maurer, Legislative Specialist, New Jersey Department of Personnel. Henry?

H E N R Y M A U R E R: Good afternoon. Of course, this Committee, even before it put together this package of bills, heard from Commissioner McCaffrey. The Commissioner also submitted written testimony, which was primarily the basis of

A-3530. So, I am not going to repeat, obviously, what my Commissioner provided this Committee. I will just add some additional information, especially on A-3530, and also to address some things that were brought up at the previous public hearing conducted in Linden.

First of all, we do support Assembly Bill 3530. In view of that which was presented in our previous testimony, it provides uniformity, and it deals with the very unusual situation with the utilities authorities, where some were in and some were out, not based on a referendum among voters, as are other municipalities, but whether some of them chose to go to court to challenge a particular ruling of the then Civil Service Commission, or whether they chose not to go to court. As far as I know, that is absolutely unprecedented in any legislation.

Now, in 1985, when the bill on the utilities authorities was discussed and then ultimately enacted -- the main sponsor was Senator Lynch -- the objection to placing all these authorities under the merit system, or even giving them the opportunity to vote whether they wanted to be part of it, was that the system was a very cumbersome system. In fact, that was brought out as one point, I believe, in the testimony of the representative of the Authorities Association at the last session. Perhaps in 1985 we might have agreed with them, because it was a cumbersome system. But we are talking about a different system now.

Thanks to the Legislature, we have enacted a comprehensive Civil Service reform, and we have taken steps to implement it to provide a system which is not cumbersome, but is, we believe, a fair and, we believe, an efficient system. Just as some of the points, we are streamlining the process for selection and placement. In fact, we have a goal which we expect to be able to implement. By the end of Fiscal Year 1990, we expect that within 30 days of a request by an agency

to fill a position, we will have produced for them a list of ranked eligibles for that position; in other word, announcing and conducting the test, grading it, and producing the list, a process which up to now has taken, unfortunately, too long. But, we have the capability to do it, and we believe we will be able to fulfill that goal.

Just a couple of the other steps we are taking which, again, make the system, not a burden, but a service to governmental jurisdictions that are under them: We are doing delegation of our promotional system in many places. It has already been done in the town of Woodbridge and down in Atlantic County, where the local government, under our Department supervision, of course, and subject to audit, conducts its own promotional examination procedures. We have established a new Customer Service Unit, which goes out to the various jurisdictions and assists them in whatever they have to do, whether it is the examination process, classification, compensation systems -- whatever parts of the process, we provide that assistance.

We have another unit called the Rapid Response Unit, where there is a specific need, a local agency has to fill positions quickly, and can't wait for the normal process of the months and months it takes. They demonstrate the need to us, and we send in the Rapid Response Unit. It is like the Civil Service equivalent of the SWAT team. It goes in and takes care of all the measures that have to be done, so that positions are filled according to merit principles, but it is done in a rapid manner so that the agency is not tied up. And, of course, we are involved in a continuing effort to automate our records and other aspects of our system so, again, the system is not cumbersome and tying up these agencies.

With all of these measures, we believe what is contained in A-3530 would be beneficial, not just from the point of view of the employees, which, of course, we understand

is CWA's concern, but from the point of view of the public which is served by these agencies; that you have an efficient and fair personnel system.

I only want to comment on one other bill; that is, Assembly Bill 3526, which is the one calling for a Merit System Board review of unclassified positions. First of all, I guess one question in our minds is whether this bill would be made dependent upon the enactment of A-3530? If it is, it changes the scope of it, because it introduces a large number of authorities which would then be under the jurisdiction of the Merit System Board. I am not proposing that it should be tied or should not be tied to it. It is just a question that is offered, because it would certainly change the scope of the bill.

Also, as presently worded, that bill would also apply to some other types of entities, such as housing authorities. Housing authorities are under the system now. I am not sure if that is the Committee's intent, whether the Committee sees a need, for example, in housing authorities to review all of the positions that have already been established and to see whether it is justified that they be -- whether they be unclassified or career service.

Finally, just one technical change in section 4. It mentions classified service. Under Title 11A, that is now called the "career service," and that should be the terminology that should be applied.

That is the substance of our testimony. I would be glad to answer any questions. Assemblyman, as you mentioned earlier, if you wish us to reexamine these bills to provide a different means of accomplishing that basic purpose, we would be glad to do so.

ASSEMBLYMAN ROONEY: Okay. We appreciate it. As I have said before, we want to get this legislation passed. We know there are going to be some objections from various people,

whether the Authorities Association has objections, or the counties, or something. Really, this procedure, right now, is to take testimony to find out what those objections may be, and where there are ways we can change it to make it more palatable to the various agencies. That is the purpose here.

MR. MAURER: We will be available.

ASSEMBLYMAN ROONEY: Thank you very much. You have been, and I appreciate that.

We have no one else who has signed in. Is there anyone else who would like to testify at this time? Dan, do you want to testify?

DANIEL J. DOUGLAS: Mr. Chairman, I would be glad to testify on a bill-by-bill basis. We have passed on our positions to other chairmen through your Committee.

ASSEMBLYMAN ROONEY: Yeah, we do have that. They put that on my Fax machine yesterday. It's home, and I'm here. I appreciate that. We will put it into the record. I don't recall offhand, but is there anything you would suggest -- changes on any of the bills? This is Dan Douglas, from the Association of Counties.

MR. DOUGLAS: Mr. Chairman, just in general on these bills, the counties officials' views on these bills have been framed largely by their individual experience in their counties, as can be expected. There are certain things that happen in a large suburban county like Bergen, and different things happen in a principally rural county like Salem. So, their experiences are very different, and each county official has a somewhat different view of authorities.

With regard to some of these bills, particularly Civil Service, and some of the ethics bills, as you might expect, any intrusion by the State into county affairs is usually deeply resented by county officials. They are all too familiar with what happens when the State gets involved in county affairs. It is costing the counties over a half a billion dollars in mandates a year.

So, if you look through our positions you can see a fairly consistent reaction to any large-scale State involvement in county affairs, and a willingness to look for some help in terms of responsibility and accountability on the part of authorities with counties and their governing bodies.

On any particular bill, I will be glad to discuss our position, and as you look to release the bills, we will be glad to provide testimony at that time.

ASSEMBLYMAN ROONEY: All right. On the ethics package -- the ethics financial disclosure package -- as I said, Senator Contillo is working on the Senate versions. We will be meeting between the Senate and the Assembly committees. We will be sitting down trying to work out compromises. I know the League of Municipalities has been talking to Paul on that, and I believe you have been involved with it. There will be some compromise wording for those bills. So, we are going to look at that. The package you see here may change, as I told Ed McCool. We do want to get something in there.

We, as State legislators, are bound by financial disclosure, by a code of ethics. We feel that at least as a minimum we should use that particular guide. It is a simple one for the State legislators. All we do is list all of our incomes in excess of \$2000, not numerically. We don't do anything with any numbers, but just list who our employers are -- our sources of income.

MR. DOUGLAS: The county officials' reaction to those bills and those types of bills has been that the counties can take care of themselves in that regard. The State need not mandate -- although this is not really a financial mandate -- financial disclosure or any other type of ethical considerations. There are a number of avenues, if there is some wrongdoing, that can turn up the ethical problems. There is the press. There are criminal investigations. There is the governing body itself. Certainly they do not want to see

corruption in an authority. I think they would be very vigilant if there was any such activity going on, to pursue it vigorously. It is not to their best interest or to the best interest of the citizens of that particular county.

Again, I think it is each individual county's experience that frames their opinion on these bills. They feel they can take care of themselves. There has not been -- across the State-- There have been some particular counties where there have been problems, but across the State there have not been broad-based problems at all in terms of ethics in the counties -- in the county regional authorities. Individual cases really do not make it necessary for the State to mandate some broad-based standards on the counties.

ASSEMBLYMAN ROONEY: Well, we tend to disagree. I don't want to be disagreeable, but we tend to disagree.

MR. DOUGLAS: Well, our views, from where we sit, is where we stand.

ASSEMBLYMAN ROONEY: Right. I believe most of the counties are doing this diligently. We have seen many, many ethics codes that have been enacted by various counties, probably far in excess of anything we are doing. But there are those counties that haven't done anything, and there are those authorities that haven't done anything. I think there is where we really disagree. Authorities, I believe, should have disclosure. They should have a code of ethics. There should be these laws enacted, because in a lot of cases, these are the people who are totally not subject to public scrutiny, to public recall, to any form of even just being involved in the Sunshine Law, in a lot of cases.

You have agencies that are totally autonomous, totally anonymous. They are sitting there doing things that probably shouldn't be done. At least put them on record that this is where it is coming from. I can give you examples of a bank that had millions of dollars of CDs from an authority, and then

one of the directors of that particular bank was appointed as a commissioner on that authority. That, to me, is totally ridiculous. But, it never would have been brought out without someone doing some investigation on it. It should have been brought out immediately in the disclosure statement. See, those are the things that could come up, with somebody saying, "Oh, wait a minute. There are two things that just don't jibe. He is being paid by this bank as a director, and he is also at this authority, and this authority has invested millions of dollars in CDs in that particular bank." That's wrong, and it should be noted immediately.

I might tend to agree on county officials, and I might tend to agree on municipal, because as a former municipal official, we have public scrutiny. People know who we are, what we are, what we do for a living, what our sources of income are. But all of these authorities are so anonymous, that it is not funny any more.

MR. DOUGLAS: The ultimate responsibility for these regional authorities are the county governing bodies, and in those counties which have them, the county executives.

ASSEMBLYMAN ROONEY: Where is Assemblyman Cimino, who was a county Freeholder? He can't find out anything about these authorities, so how can they be responsible for them?

Once they are appointed, Dan-- I have county executives who have come to us and said, "Please give us veto power. Please have them report to us and tell us what they are doing. Please have them give us a financial statement. Please let them do something that tells us what is going on at these authorities." You know, that is the experience I have had with county government. They are throwing up their hands. Once these people are appointed, nobody hears about them for five years, unless it is in the paper with something they have done wrong.

I think you are going to get a mixed bag on that. On authorities, I find most of the counties are saying, "There is no control," and they want that control back.

Again, we had a subcommittee meeting. We are doing some additional work with some of the bonding legislation we have here. We had Treasury -- the man who gave us that report -- and also Jack Kraft, who is a bond counsel, who has given us some input on some of the bills which we will be hearing about later in testimony at a different meeting. We wanted to get some ideas about where we were going that way.

To continue with what I was saying, Dan, I think many of your counties are telling me, and they have told us at a lot of these meetings, that they are not happy with what is happening at the authorities. They want more control. The way to do it is to give them control in legislation. Maybe the financial disclosure package isn't coming across that well because they may be looking at it from a very parochial standpoint, figuring it is going to happen to them, too. I tend to agree that what is good for the goose, should be good for the gander.

MR. DOUGLAS: I think your comment that it is a mixed bag is exactly my point. It varies individually from county to county. A lot of the problems are, frankly, just political problems -- who appoints who, you know, what their background is. It varies dramatically from county to county. Some counties I ask, "Do you have any problems with authorities?" say, "Oh, no, everything is fine." I will ask someone else, like an Assemblyman from Bergen County, and he will tell me a whole mess of stories of things that are going wrong with authorities. So, it is a mixed bag, and it does vary dramatically in counties. These are resistant to State intrusion in affairs they think they can generally handle.

ASSEMBLYMAN ROONEY: In some cases I think they are telling us that some of the authorities are out of control and they can't handle it. They have gotten well beyond the stage of-- The authorities now are the tail-- Well, they are not even the tail any more. In bonding capacity, they are far greater than what the counties are doing. The indebtedness of some of the authorities exceeds the indebtedness of the entire county. In my county alone, that is true.

MR. DOUGLAS: I think there is a bill in that addresses that. That is somewhat separate from, you know, the issue of ethics and financial disclosure. To the extent that we can be helpful with those bills, although we may ultimately still oppose them, we will provide any input or guidance we can.

ASSEMBLYMAN ROONEY: I have to say that you have indicated your support for several of the bills, so we do have a few bills you are in favor of. If there are some other bills, as I have told the Authorities Association and some others, that you maybe have no opinion on, if there were a few corrections on our part-- I would appreciate that, too. If you feel there are some things that could be added to these bills that would make them not quite palatable, but at least tolerable, I would be very, very happy to hear it. Again, constructive criticism is best, and that is what we are looking for.

MR. DOUGLAS: All in all, when I talk to county freeholders or county executives or county administrators or planners or anyone involved at the county level, and ask them, "What is really hurting you?" they talk about money, they talk about State mandates, they talk about court costs, and they talk about millions. That half a billion dollars, at least, that 1986 figure, is a horrible burden on counties, and it is a horrible burden on county taxpayers. There could be some real property tax reform there.

These process issues regarding authorities can be solved. It is the more difficult ones that take up most of their time. Perhaps if they didn't have to spend so much time on figuring out where they were going to get the money, they could focus more attention on the authorities.

ASSEMBLYMAN ROONEY: Well, one of the primary issues facing every county today is garbage. Garbage is generally controlled by an authority. That authority, whether it has done a good job or a bad job, is what is going to determine the main issue in their county today. I think the revolution has yet to be seen in the garbage crisis we are facing today. I look at my own county, and I'm saying, they could have done a better job. I know they could have gotten that rate down. I know that on some of the bonding they have done, they should have done a better job. Instead of appointing what was politically expedient, they could have appointed a better bond firm. They could have appointed a lot of people who are better, you know, if they weren't looking at political considerations first.

These are things we are trying to look at. I think if we get them more accountable and more responsible, then the rest will follow. We might get more professional people in there. That is another thing. That is part of the package we are looking at -- trying to get qualifications for commissioners, to make sure they know what the hell they're doing. I mean, we have people down there who have never really seen a bond issue before. They don't know what a bond issue is. They don't know what engineering is. They don't know anything about it. They were basically appointed only because of their political connections. That's wrong. If the truth be known, I was in favor of electing commissioners again, going back to the old system of putting them on the ballot. You run for sewer commissioner, or water commissioner, whatever kind of commissioner it is. You run for it. Then you put your

credentials up before the public, and let the public decide whether you are qualified or not. That would be a tough one to turn out. I happen to like that, but I don't think I could get much support from the Committee even. George is smiling over there. It used to be a very long ballot when they had the commissioners elected here in New Jersey -- way down at the bottom were the water commissioners, the sewer commissioners.

But, that is what we are trying to do, get more responsibility to the people who are looking at-- Probably a lot of our tax dollars today are going to garbage and sewage. Those are two big items, and we have to make sure that they are doing a good job. So, try and help us.

MR. DOUGLAS: As you know, we have supported approximately two-thirds to three-quarters of the bills. We are on-line with most of the items you are pushing on your agenda. There are a few things we disagree with. There are reasons for that, which are very predictable actually where county officials come from. In fact, I was just reading my testimony from the Atlantic City hearing. Even before we reviewed your bills, they identified certain concerns. Those concerns happen to be reflected in the position they have taken on these bills. So, no surprises there.

ASSEMBLYMAN ROONEY: We appreciate it. Thanks again for coming.

Is there anyone else here to testify today? (no response)

This is the closing moment. We appreciate everyone who has come here. We are probably going to have one more hearing before we go into the actual voting on the bills.

George, any comments at this time?

ASSEMBLYMAN HUDAK: No, thank you.

ASSEMBLYMAN ROONEY: I appreciate the Assemblyman coming; also, Assemblyman Cimino, and those of you who have come here. As I said, I have talked to Senator Contillo. We

will be arranging a meeting to try to see what bills are similar and can be merged. Where there are no similarities, we will proceed with our hearings on these bills. They are the ethics package and the financial disclosure. Those are the ones we intend to talk to Senator Contillo about. The other package -- the financial package with the bonding-- We have had a separate meeting with some people involved in that industry, with Treasury. There is one statement. Please, can we get a copy for Assemblyman Hudak on the Treasury Department's-- I haven't had a chance to read it yet either. They gave it to me, but they were quite pressed for time today, too.

Again, thank you. We will continue-- I guess we might need one more hearing before we go into voting on the bills. We will probably go into the bills from here on. This will probably be the end of the hearing, because I don't think we have any more people to testify. We will be posting the bills themselves and then hearing testimony on those, and the bills will be coming out of the Committee, or not coming out of the Committee, as the Committee sees fit.

Thank you again for attending.

(HEARING CONCLUDED)

APPENDIX



State of New Jersey
DEPARTMENT OF THE TREASURY

FEATHER O'CONNOR
STATE TREASURER

OFFICE OF FINANCIAL MANAGEMENT
ONE WEST STATE STREET, 3RD FLOOR
CN-214
TRENTON, NEW JERSEY 08625
(609) 292-9200

ANDREW M. CHAPMAN
DIRECTOR

Testimony By

Andrew M. Chapman, Director

Office of Financial Management, Department of Treasury

Regarding

Assembly Bill 3536

Assembly County Government and Regional Authorities Committee

My name is Andrew Chapman, Director, Office of Financial Management in the Department of Treasury.

My office issues the State's General Obligation Bonds and Certificates of Participation and assists the State's independent authorities with their bond sales. While we have no direct jurisdiction over the local authorities effected by Assembly Bill 3536, our experience issuing tax-exempt debt by both competitive and negotiated sale leads us to conclude that it would not be in the best interest of the State's local government units to require all local authorities to issue debt by competitive bid. However, additional statutory language requiring local authorities to fully document all decisions regarding the sale of debt on a negotiated basis may address some of the committee's concerns.

We feel well-equipped to address the question whether a bond issue should be sold by competitive bid or by negotiated sale. We issue about \$300 million in General Obligation Bonds annually for the State and sell about \$75 million annually in certificates of participation for the State's master lease program - all by competitive bid. We also work with the State's 20 active independent authorities which generally negotiate the sale of their debt.

Personally, I am a great proponent of competitive bidding. We have been creative in developing new bidding procedures for State bonds which has earned New Jersey the reputation of being one of the more innovative and successful users of the competitive bidding process. In fact, in 1987, our refunding transaction was chosen as one of the deals of the year by Institutional Investor, one of the major technical journals for this industry.

Nonetheless, I believe Assembly Bill 3536 would not be in the best interest of the State's local government units because negotiated financing is the right way to go for certain types of bond sales, including many of those completed by our State's local authorities.

In conducting a bond sale, the objective is always to place the bonds with investors at the lowest possible cost. Cost consists of interest rate and commissions. Fundamentally, the issuer is trying to induce investors to buy the bonds. Bonds are not all alike and it

follows that the sale procedure should be tailored to the particular type of securities being offered.

Selling bonds by competitive bid can be characterized as a passive process. The bidder runs an advertisement in the newspaper a week or so before the bid date and hopes that underwriting firms will form syndicates and deliver aggressive bids by the appointed time and date. I emphasize the word "hope". The issuer has no ability to force firms to bid and, every now and again, issuers receive only one bid or none at all. In fact, when the Wastewater Treatment Trust sold its first issue of bonds by competitive bid last October, it received only one bid for part of its offering.

Conversely, selling bonds by negotiated sale is an active process. The firm chosen by the issuer to lead the syndicate of firms which will distribute bonds to the investors works with the issuer for several months to structure the terms of the offering in a way that will appeal most to investors, while still meeting the issuer's business objectives. As the sale date approaches, this senior managing underwriter describes the nuances of the offering to its salesforce which, in turn, generates as much pre-sale interest among investors as possible. Finally, on the sale date, the issuer and the senior manager negotiate the final interest rate and price of the offering, presumably based on the going rate for similar offerings in the market at the same time.

Our experience tells us that choosing between the active (or negotiated) process and the passive (or competitive) process depends on two factors - the complexity of the bond offering and the volatility of the bond market.

Generally, the more complicated the bond offering, the more one would lean towards negotiated sale. This is because where there is a lot to explain to investors about the creditworthinesses of the offering, its redemption or call provisions, or other features of the offering, it is in the issuer's best interest to educate a dedicated salesforce prior to the sale period so that, during the brief sale period, brokers will be able to explain the details of a complicated offering to investors. Conversely, if a transaction is simple, like most of our State's general obligation bond offerings, investors need only know the name of the issuer to place a price or interest rate on the offering. There is little to explain so the more passive competitive process is entirely adequate.

Also, the more volatile the bond market at the time of sale, the more one would lean towards negotiated sale. If interest rates are fluctuating wildly at the time of sale, syndicates participating in a competitive bid can be unwilling to bid aggressively on a particular bond issue because, absent any strong pre-sale interest (which is difficult to generate in a competitive bidding procedure), syndicates do not wish to get stuck owning the bonds in a falling market. Under volatile conditions, firms participating in a negotiated sale maybe more willing to risk their capital because they are able to develop pre-sale interest

in the offering and therefore feel more confident of their ability to distribute the offering to investors.

These two factors - complexity and market volatility - explain why the State issues its general obligation bonds by competitive bid and why most of the State authorities and the local authorities use the negotiated sale process. The State is a regular issuer of debt, has a well-established triple A rating, and structures its bonds with straightforward maturity and redemption provisions. On the other hand, the State's authorities sell bonds secured by a wide variety of revenues streams (toll road bonds, hospitals bonds, educational facilities bonds, etc.) with different maturity structures, redemption provisions, and the like. Because the basic terms of these offerings change considerably from issue to issue and because some of these authorities are fairly infrequent issuers, the negotiated sale process can result in a lower all-in cost, interest rate and commissions considered, than a competitive bid.

Most bond issues by county and municipal authorities are sufficiently complex to support negotiated sale. For example, a host municipality, a vendor, and the issuer's investment banker can work for months, if not years, assembling the credit structure for a solid waste facility financing. Municipal water and waste water projects, while not quite so technologically complex, are nonetheless financed with the sale of bonds secured by a project's revenue stream, not a direct pledge of ad valorem taxes. Convincing investors of need for the project, as well its prospects for completion and successful operation, requires early

involvement of a knowledgeable salesforce, which is only possible in the negotiated sale process. Expecting competitive bidders to educate their salesforces about a complicated transaction they may or may not win at the day of bid, when there are far simpler transactions on the calendar, is simply unrealistic.

We agree, however, that there can be abuses to the negotiated sale process. Underwriters can be selected for reasons other than merit, and issuers can be out-foxed in the final pricing negotiations. The way to solve this problem is not to prohibit negotiated financings. We would prefer that the committee take the approach of requiring authorities to document for the public record its procedures for selecting its underwriters, and its reasons for accepting the price and terms proposed by the underwriter on the sale date.

Requiring issuers to place these matters in the public record should require true, arms-length negotiation which usually produces reasonable pricing and terms.

COUNTY OF MERCER

OFFICE OF THE COUNTY EXECUTIVE
ADMINISTRATION BUILDING
TRENTON, NEW JERSEY 08650

BILL MATHESIOUS
COUNTY EXECUTIVE

September 20, 1988

Hon. John E. Rooney, Chairman, and Members
Assembly County Government & Regional
Authorities Committee
State House Annex
CN 068
Trenton, NJ 08625

Re: Assembly Bills 3518, 3524, 3521 and 3536

Dear Chairman Rooney and Committee Members:

I have deep concerns and would like to register my opposition to the above-captioned bills recently introduced in the Assembly. The bills, if passed, would seriously impact the ability of Improvement Authorities to service the public as intended.

A-3518 would require an authority to submit yearly financial master plans to the governing body of the county or municipality which created it.

This would require that authorities plan projects at least a year in advance, not allowing the opportunity to undertake any unanticipated projects which may arise during that year. This would drastically limit flexibility in planning and would adversely affect the ability of an authority to assist the municipalities of the county.

For instance, in mid-1987 the Mercer County Improvement Authority received a request from two fire districts in Hamilton Township for assistance with a firehouse expansion project. Had the authority been forced to wait several months for approval of a master plan, interest rates could have changed, drastically impacting the ability of the fire companies to repay the debt service. Implementation of the project at mid-year will result in earlier completion of the needed renovations and quicker improvement in service.

A-3524 would require Improvement Authorities to notify the Board of Freeholders prior to appointing or promoting supervisory employees.

Authorities are professional organizations that require highly-qualified personnel with special training. The Mercer County Improvement Authority staff includes environmental planner, an engineer, an architect/construction manager, and financial experts. The Authority must have the flexibility to hire personnel based on their technical qualifications. This legislation would subject staff appointments to political interference.

A-3521 would require Improvement Authorities to submit a semi-annual progress report to the Board of Freeholders detailing the status of each project. If the Authority failed to submit such a report the Freeholders would hire an outside expert to compile the report at Authority expense.

During 1987, the Executive Director of the Mercer County Improvement Authority attended more than thirty Freeholder meetings including committee-of-the-whole, agenda sessions and formal meetings. In the last five months the Executive Director has made eight appearances at Freeholder meetings. In addition, other Authority staff and consultants (bond counsel, investment bankers, technical experts) appeared before the Board to report on specific projects. The Board receives copies of Authority agendas and minutes for every scheduled Authority meeting. The Freeholders also have received copies of Resource Recovery proposals, Recycling proposals and Landfill License Agreement. Recently, a new Freeholder was appointed and upon his request the Mercer County Improvement Authority sent him a notebook providing valuable background information on the Resource Recovery project.

Authorities' budgets are set up on a project basis, all expenses are charged to specific project accounts. The question arises as to how the reports referred to in this bill could be paid for without compromising the interest of the bondholders of the various projects.

The flow of information between our Authority and the Board of Freeholders is constant and current. Information is readily available at the request of the Freeholders. Therefore, the requirement of a semi-autonomous report is unnecessary and an added expense to the Authority and to its clients.

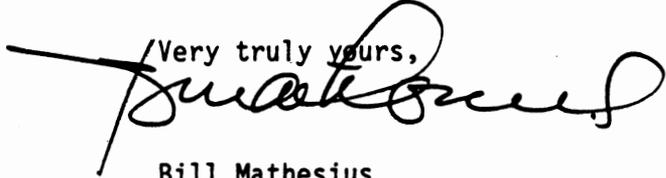
A-3536 would require regional authorities to sell their bonds at public sale, removing an authority's ability to negotiate flexible terms and sell bonds at peak market conditions.

Most Authority financings are complex issues that require agreements among several parties including trustees, credit facilities, underwriters and the issuer. These complex issues do not lend

themselves to competitive, sealed bid proposals. Solid waste issues, for example, require underwriters to spend several months and perhaps years on a project. They receive no consulting fee but are paid a commission on the sale of the bonds. Investment banking firms would not tackle this type of project without the assurance of an eventual bond sale. This bill would seriously impact the process authorities follow when financing projects and eventually result in additional costs to the users.

This legislation was seemingly designed to hinder the everyday operations of the Authority in an area which provides local governments a significant advantage in pricing. Authorities were created to assist local municipalities with projects such as the Hamilton Firehouse Project and the Hamilton Board of Education Lease/Purchase, where funds and staff to implement such important projects are not available. In the best interests of Mercer County, I urge you to oppose this legislation.

Very truly yours,

A handwritten signature in black ink, appearing to read "Bill Mathesius", written over a horizontal line.

Bill Mathesius
County Executive

BM:ld



