



NEW JERSEY
COMMISSION ON STATE
ADMINISTRATIVE REORGANIZATION

REPORT

PART 2

Taxation

SUBMITTED TO

GOVERNOR WALTER E. EDGE

MARCH 1944



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NEW JERSEY,
COMMISSION ON STATE
ADMINISTRATIVE REORGANIZATION

WALTER JONES
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March 27, 1944

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COMMISSIONER OF ALCOHOLIC BEVERAGE CONTROL
1060 BROAD STREET, NEWARK 2, N. J.

Hon. Walter E. Edge
Governor
State of New Jersey
State House
Trenton, N. J.

Dear Governor Edge:

The Commission on State Administrative Reorganization herewith submits Part II of its Report.

The bill accompanying this report proposes to establish a Department of Taxation and Finance. This new department will be created by consolidating the State Tax Department, the State Board of Tax Appeals, the Budget Commissioner, the Commissioner of Finance, most of the present functions of the Comptroller and the State House Commission, the Purchase Commissioner and the Department of Local Government.

We are including a memorandum on the bill explaining the reasons for this consolidated department and a summary of the principle features incorporated in the proposed legislation.

Respectfully submitted,

CHARLES R. ERDMAN, JR., Chairman

C. WESLEY ARMSTRONG, JR.

ALFRED E. DRISCOLL

CHARLES A. EATON, JR.

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PART II

Memorandum on the Bill Establishing a New Consolidated Department of Taxation and Finance

The efficient and economical performance of the public services assigned by the Legislature to the administrative departments requires adequate direction and control of both revenues and expenditures. This direction and control is a prime responsibility of the Governor. The bill accompanying this report is designed to provide the facilities enabling the Governor to meet this obligation adequately and without conflict in authority between the executive and legislative branch of the State Government.

The Commission has proceeded on the fundamental principles that the Legislature is responsible for making the appropriation of funds to conduct public services; that the executive is responsible for performing these services efficiently and economically; and finally that the Legislature should provide for an audit review to determine that the expenditures for these services were made in strict accordance with the will of the Legislature as evidenced by the appropriation act.

Therefore, under the proposed bill the work of the Budget Commissioner, the Commissioner of Finance and almost all of the present functions of the Comptroller are merged and consolidated into one department, administered by a Commissioner of Taxation and Finance appointed by the Governor with the advice and consent of the Senate. Only by this procedure can the chief executive be held directly responsible for financial planning and control. The Legislature will exercise its power to review the expenditures of public monies through a post-audit made by an officer of its own selection, the State Auditor, who will determine whether the executive department has discharged its functions in strict accordance with the laws appropriating the funds involved.

This is the procedure followed in modern municipal finance, in business and in industry. A review of recent administrative reorganizations in other progressive states shows that they are following this fundamental principle.

The Governor is charged with the financial planning of the State and the presentation of an annual budget to the Legislature. Therefore, the budget should be prepared by one who is in entire accord with the Governor's financial policies. However, under existing laws the Budget Commissioner is an official who may be antagonistic to the Governor. The proposed bill eliminates this possibility.

Under existing laws the Governor, through his Commissioner of Finance, has the authority to require "work programs" which make possible the necessary executive control of expenditures by the various departments and agencies. However, the preparation and administration of these "work programs" requires the keeping of accounts. This presently results in duplication because the Comptroller is also required to maintain a system of accounts so as to make the proper determination when approving and certifying bills and payrolls to the Treasurer for payment.

Under the present State fiscal system, the Budget Department and the Commissioner of Finance are two separate and distinct departments. After the passage of the appropriation bill, all departments must file with the Commissioner of Finance, a work program setting forth by quarters, how the appropriation is to be spent. This is in addition to the data furnished the Budget Commissioner at the time of making the requests for appropriations and necessitates as much, if not more, bookkeeping and statistical work on the part of each department than that required in filing the original request. All such statistical work is unnecessary duplication. Furthermore, the Commissioner of Finance at present is not in possession of the facts discovered as a result of the study made by the Budget Office in arriving at a decision as to the necessity for the appropriations requested, information which would be invaluable in setting up the quarterly allotments. The proposed bill consolidates the functions of the Budget Commissioner and Commissioner of Finance thereby eliminating this duplication and providing more efficient and economical administration of the quarterly work programs. ✓

A further refinement of the present fiscal procedure is a provision of the proposed bill requiring the new Commissioner of Taxation and Finance to make studies in the various departments as to personnel. If this study discloses that some departments are temporarily over-manned while others need assistance, the Commissioner may arrange with the affected departments for personnel transfers. These studies will also make it possible for the Commissioner to pass more intelligently upon all requests for personnel appropriations. Under the present system, no such intensive studies are conducted.

The proposed bill empowers the Commissioner to establish a centralized payroll system. Under present fiscal procedures each department handles its own payroll forwarding a new one to the Comptroller every two weeks. More than 95% of this work is mere duplication because of the small number of changes in State employment. There is no necessity for the bi-weekly certification except as to changes. Establishment of a centralized payroll system is in line with practices in efficiently managed businesses and will result in the saving of many hours of labor required under the present decentralized system.

Streamlining of present fiscal procedures will be effected through the proposed method of handling transfers and allotments from the emergency fund. Under the present system, transfers and allotments are submitted to the Budget Commissioner, who either approves or disapproves; he then submits them to the Finance Commissioner, who either approves or disapproves; he submits them to the Comptroller, who in turn submits them to the State House Commission, for final approval or disapproval. The State House Commission then submits them to the Comptroller for entry.

Under the new procedure, all proposed transfers and allotments from the emergency fund will be studied and passed upon directly by the Commissioner of Taxation and Finance.

The proposed bill provides a logical and efficient system whereby the fiscal processes of planning, control and payment of obligations flow smoothly and efficiently under proper executive direction. These functions of the new Department of Taxation and Finance will be performed by the Division of Budget and Accounting under the direct supervision of the Commissioner and as a result of the suggested reorganization large savings in time and effort will release personnel for other necessary work of the new department.

Under the proposed legislation the collection of revenues and the supervision of property assessment, now the function of the State Tax Commissioner, will be performed by the Division of Taxation of the new department. The State Board of Tax Appeals will be included as another division for purposes of administrative efficiency in the use of office employees and the proper coordination of the Board's activities. This will not in any way involve an invasion of the Board's independence in the hearing and decision of cases but will result in the more efficient interchange of office personnel, thereby assisting the Board in catching up with its docket.

Undecided appeals from decisions of County Boards to the State Board now pending number approximately 70,000. Over 40,000 of these are appeals brought by the City of Jersey City protesting reductions granted by the Hudson County Board in the year 1943. While this huge backlog of appeals is due to a condition presently prevailing in only one County, the State has an obligation to remedy so far as possible the causes for their accumulation.

The primary cause for the present situation is obvious -- poor assessment practices by assessment officials and poor reviewing procedures. The remedy for this cannot be achieved by the mere enactment of a law. Where poor practices are the result of the ignorance of the assessor as to good methods of procedure, the remedy can be achieved through training and guidance supplied by County and State officials charged with this duty. Where poor practices are the result of political manipulation, it is the duty of the State Tax Commissioner to step in and exercise the authority given him by the law.

It has long been felt by State Tax Commissioners that improvement in local assessment procedures has not been due to a lack of power but to a lack of personnel. The law grants adequate authority to the Tax Commissioner but the Legislature, it is claimed, has not granted adequate funds. With the consolidation of six state departments in the new Department of Taxation and Finance it will be possible for the Commissioner of Taxation and Finance to find the answer to this problem of personnel. Interchange of employees and the elimination of duplication of services will release new energies for the solution of this old problem.

The new Department of Taxation and Finance proposed in this bill also provides for a Division of Purchase and Property charged with the functions now vested in the Purchase Commissioner, those of the Commissioner of Finance having to do with reclaimed and seized property, and those of the State House Commission having to do with the supervision and maintenance of State property and the provision of office space for the various State agencies. The centralization of these functions under one responsible and competent administrator is in line with sound business practice and should effect corresponding economies and improvement in the efficient conduct of the State's property affairs.

The Director of Purchase and Property will be charged with the responsibility of rearranging the office space assigned to the various State Departments so as to provide so far as practicable for adjacent offices for all the work of a department. The administration of several of the departments of the State government is now handicapped by the office location of the various departmental divisions which are scattered about the capital and other cities. While this situation cannot be completely remedied without the acquisition of another large office building to supplant the offices now scattered about Trenton and elsewhere, progress can be made by lodging this responsibility with one officer.

The State Department of Local Government is the State agency charged with the supervision of local finances. It properly belongs in the new Department of Taxation and Finance. Many local fiscal problems have a common denominator affecting the assessment and collection of taxes as well as the budgeting and controlling of expenditures. The integration of the presently existing department of Local Government in the same financial family with the State Tax Department should produce better service to local governments.

The Local Government Board is and should be an appeal board and not an administrative agency. In the opinion of the Commission weekly meetings of the Board provide ample time and opportunity for the transaction of all its business. The compensation to be paid Board members has been adjusted accordingly.

The consolidation of the financial agencies of the State in the new Department of Taxation and Finance will provide the Governor with the means whereby full advantage may be had of the aids to good fiscal management. The centralization in one department of the facilities for budget making, budget administration, accounting, control over commitments and disbursements together with the supervision of the collection of revenues, as provided in the attached bill, will give the chief executive the tools for effective and efficient management of the State's fiscal affairs.

The proper functioning of the new department will, of course, be dependent upon the ability and resourcefulness of the Commissioner. This individual will be the financial arm of the Governor. Implemented with the broad supervisory powers authorized in the proposed bill, the Commissioner of Taxation and Finance will be in a position to achieve substantial savings for the State as well as provide for the more efficient functioning of the public services.

The Commission believes that this bill provides the necessary machinery for the achievement of these objectives but realizes that the even more essential factor of proper administrative personnel cannot be obtained by the mere passage of legislation.

SUMMARY OF BILL

The proposed bill will:

I. Consolidate the following Departments --

1. State Tax Department
2. State Board of Tax Appeals
3. Budget Commissioner
4. Commissioner of Finance
5. Most of the present functions of the Comptroller.
6. Most of the present functions of the State House Commission.
7. Purchase Commissioner
8. Department of Local Government

II. Create a Department of Taxation and Finance headed by a Commissioner appointed by the Governor with the advice and consent of the Senate. The Commissioner will serve during the term of the Governor and will receive a salary of \$12,000. per annum. He will appoint with the advice and consent of the Governor, the Directors of three Divisions, Taxation, Purchase and Property and Local Government and will himself be directly in charge of a fourth, that of Budget and Accounting. The Directors will serve during the term of the Governor and the Commissioner will fix their salaries at an amount not to exceed \$10,000. per annum. The Commissioner will designate one of the Directors as the Deputy Commissioner to act in his absence.

III. Fix the compensation of members of the Local Government Board at \$25 per diem for attendance at meetings of the Board.

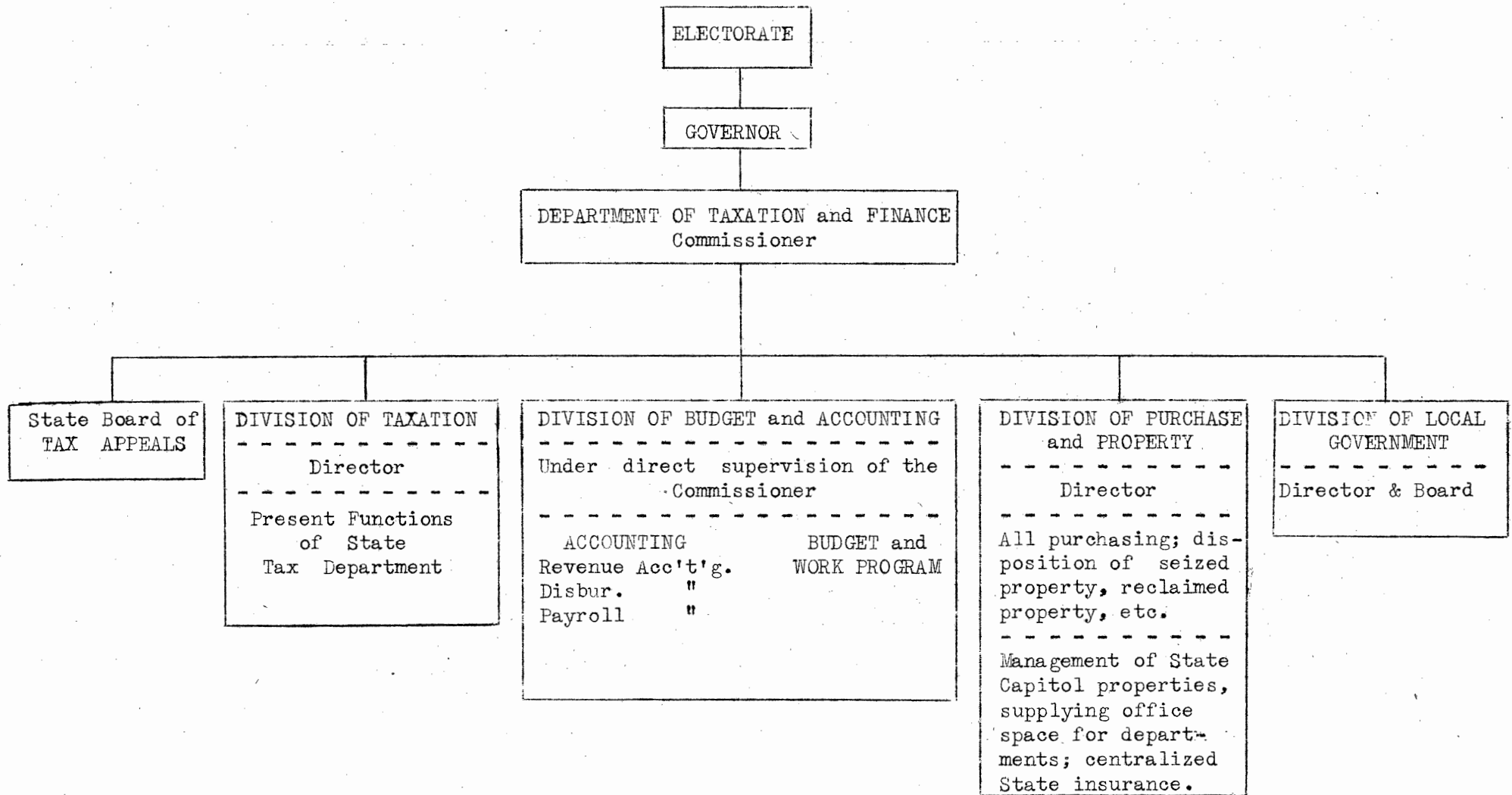
IV. Provide an integrated fiscal system whereby the processes of budgeting, control of expenditures and payment of obligations will flow smoothly and efficiently under proper executive direction. ✓

V. Effect savings for all departments by eliminating present duplication of financial reports.

- VI. Simplify and reduce the number of financial accounts now being kept by the departments which are to be consolidated thereby releasing personnel for other necessary work of the new department.
- VII. Provide that the Commissioner may, in consultation with the heads of other departments, arrange for the transfer and re-transfer of personnel with a view to the greatest possible efficiency of departmental operations.
- VIII. Provide a centralized payroll system.
- IX. Provide a centralized system of insurance for all departments and agencies of the State government.
- X. Provide a small immediate saving in salary items and great potential savings, the extent of which will depend upon the ability and capacity of the new Commissioner.

* * *

RE-ORGANIZATION OF FISCAL DEPARTMENTS



AN ACT relating to taxation and finance, providing for the establishment, organization and functions of a State Department of Taxation and Finance, repealing the following sections of the Revised Statutes: 52:18-22, 52:18-23; 52:19-16 to 52:19-36, inclusive; 52:20-3, 52:20-8, 52:20-9, 52:20-10, 52:20-11, 52:20-12, 52:20-16; 52:22-1 to 52:22-22, inclusive; 52:23-1 to 52:23-16, inclusive; 52:25-7, 52:25-8, 52:25-9, 52:25-10, 52:25-15, 52:25-17, 52:25-18, 52:25-19, 52:25-20, 52:25-21, 52:25-22, 52:25-24; 52:31-1, 52:31-7, 52:31-9, 52:31-10, 52:31-11; 54:1-3, 54:1-4, 54:1-5; and repealing sections 8 and 12 of an act entitled "An Act creating a State department of local government, prescribing its powers and duties, and transferring to it certain powers and duties vested in the State Auditor", approved May ninth, one thousand nine hundred and thirty-eight (P. L. 1938, c. 158).

BE IT ENACTED by the Senate and General Assembly of the State of

New Jersey:

ARTICLE 1. DEFINITIONS

1. As used in this act, unless the context clearly indicates otherwise:

"Department" means the State Department of Taxation and Finance herein established.

"Commissioner" means the commissioner and head of the State Department of Taxation and Finance.

"Director" means the director of an indicated division, herein established, in the State Department of Taxation and Finance.

"Request Officer" means the principal officer of a department or board in the executive branch of the state government.

ARTICLE 2. STATE DEPARTMENT OF TAXATION AND FINANCE;
COMMISSIONER

1. There is hereby established, in the Executive Branch of the State Government, the State Department of Taxation and Finance.

2. The following are hereby established as divisions in the department:

The Division of Budget and Accounting
The Division of Purchase and Property
The Division of Local Government
The Division of Taxation
The Division of Tax Appeals

3. The administrator and head of the department shall be the State Commissioner of Taxation and Finance. The commissioner shall be appointed by the governor by and with the advice and consent of the senate and shall hold his office until the next governor shall be elected and qualified and until the commissioner's successor shall be appointed and qualified. The governor, however, shall have power to remove the commissioner for cause.

4. The commissioner shall receive an annual compensation of twelve thousand dollars (\$12,000.00).

5. The commissioner, in addition to powers and duties specifically conferred and imposed upon him, shall have the following general powers and duties, to:

- a. Maintain suitable headquarters for the department and such other quarters within the state as he may deem necessary to the department's proper functioning;
- b. Have general responsibility for all of the department's operations under this act;
- c. Supervise the organization of the department and changes in the organization thereof except that the divisions and bureaus of the department herein specifically provided shall be maintained; formulate and adopt rules and regulations for the efficient conduct of the work and general administration of the department, its officers and employees;

d. Make an annual report to the governor and to the legislature of the department's operations, and render such other reports as the governor shall from time to time request.

6. The commissioner may, in consultation with the heads of other Departments or Branches of the State Government, and subject to Section 6, Article 8 of this act, arrange for the interdepartmental and intradepartmental transfer of personnel with a view to the greatest possible efficiency of departmental operations.

7. The commissioner shall have authority to organize and maintain in his offices an Administrative Division and to employ therein such secretarial, clerical and other assistants as his office and the internal operations of the department shall require.

8. The commissioner shall designate as deputy commissioner one of the directors who shall exercise the powers and perform the duties of the commissioner during his disability or absence, which designation, in writing, shall be filed with the Secretary of State.

ARTICLE 3. DIVISION OF BUDGET AND ACCOUNTING

1. The Division of Budget and Accounting shall be headed by a director who shall be the Commissioner of Taxation and Finance.

2. The commissioner shall have authority to organize the division for the effective performance of its functions and purposes herein set forth.

3. There is hereby established in the Division of Budget and Accounting the Bureau of the Budget. The commissioner, through the Bureau of the Budget, shall carry into effect and execute the formulation of the annual budget submitted by the governor to the legislature and shall control the execution of the budget through a system of allotments by work programs.

4. The commissioner, through the Bureau of the Budget, shall follow the provisions and procedures set forth in Sections 5 through 23, inclusive, of this article.

5. On or before October first in each year each department of the state government, board, commission, officer or other state agency, hereinafter in this article called "spending agency", shall file with the commissioner a request for appropriation or permission to spend, as the case may be, which shall specify all expenditures proposed to be made by such spending agency during the next ensuing fiscal year.

6. A request provided in Section 5 shall be made by the request officer. In the case of the judiciary, the request officer shall be the clerk of the court of errors and appeals, under the direction of the chancellor and the chief justice of the supreme court and, in the case of the legislature, the request officer shall be the secretary of the senate and the clerk of the house of assembly, respectively.

7. Said request shall be made on forms to be furnished by the commissioner and subject to such rules and regulations as he shall prescribe from time to time and shall show in detail:

- a. A statement exhibiting for the next ensuing fiscal year all estimated revenues; the estimate of revenues for the current fiscal year and the actual revenues for the past completed fiscal year;
- b. The several purposes and itemized amounts for which appropriations or permissions to spend are requested, without deductions for estimated revenues allocated to such spending agency;

- c. A statement exhibiting for the last preceding fiscal year the amounts of the annual and supplemental appropriations, transfers of appropriations, allotments from the emergency fund, dedicated receipts, if any, and of all expenditures made thereunder and the unexpended balance, if any, and the extent to which the same is obligated or encumbered;
- d. A statement indicating how much of the requested appropriation will be spent in each quarter of the fiscal year.

In case an appropriation is requested for a project which cannot be completed within the next ensuing fiscal year, the request shall set forth in detail a complete description of the whole project and the estimated and detailed cost thereof, and shall show separately the part of the project which has been completed, if any, and the actual cost thereof; the part remaining to be completed and the estimated cost thereof, and the part proposed to be completed within the ensuing fiscal year and the estimated cost thereof.

8. On or before the first of October in each year, the State Highway Commissioner shall submit to the commissioner, the schedule and program for which he proposes to expend or use the amounts appropriated to said department for the ensuing fiscal year, according to purposes, routes and sections of routes.

Such program may include alternate projects which may be substituted for other projects included in the program, should it be found impossible or impracticable to construct or carry on any one or more of said projects in the program. This schedule shall become a part of the request for appropriation made by the State Highway Commissioner.

On or before December tenth of each year the State Highway Commissioner shall notify the clerk of the board of chosen freeholders of each county as to the amount of county and township and borough aid appropriated and available for the county and each municipality within the county applicable to the ensuing calendar year, and it shall be lawful for the several counties and municipalities to include such amount in their respective budgets, and said amounts shall be available to the State Highway Commissioner for allotment to the said counties and municipalities at the beginning of said ensuing calendar year, and commitments may be made against said amounts by said counties and municipalities, subject to the approval of the State Highway Commissioner, immediately after the beginning of said ensuing calendar year.

9. Upon the receipt of requests for appropriations, the commissioner, or a member of the department designated by him, shall examine such requests and determine the necessity or advisability thereof, and for that purpose may hold hearings thereon which shall be open to the public, and may summon and examine the request officers and any witnesses and order the production of any State records for his examination, and make any investigation which he deems necessary or advisable for the purpose of making such determination.

10. On or before December thirty-first of each year, or at such other time or times as the governor may request, the commissioner shall certify and transmit to the governor and governor-elect the requests of the spending agencies, together with his findings, comments and recommendations thereon.

11. The governor shall examine and consider all requests for appropriations, together with the findings and recommendations of the commissioner, and shall formulate his budget recommendations which shall be transmitted to the legislature as a budget message on the third Tuesday of January in each year, except a year in which a governor shall be inaugurated, when he shall do so on or before February fifteenth following the commencement of his term.

The budget message shall embody the proposed complete financial program of the State Government for the next ensuing fiscal year, and shall set forth in columnar form detailed as to each source of anticipated revenue and the purposes to which the recommended appropriations and permissions to spend shall apply for each spending agency in substantially the following form:

A. REVENUES FOR THE GENERAL STATE FUND, STATE HIGHWAY SYSTEM FUND, ALL OTHER DEDICATED FUNDS, FEDERAL AID FUNDS, AND TRUST FUNDS:

1. An estimate of all balances to be on hand on the first of July next ensuing which are to be available for appropriations, supported by the calculations used in arriving at the estimated figures;
2. An estimate of the anticipated revenues from all sources applicable to the budget period, together with the actual amount earned from each source during the last completed fiscal year, and the estimate of revenues expected to be earned from each source for the current fiscal year.

B. MANDATORY DEDICATIONS:

1. Debt Service:

The amount reserved for the payment of interest and principal of any state bonds heretofore or hereafter issued dedicated and payable from state revenue.

The amount reserved for payments to the state highway sinking fund as provided by Chapter 262 of the Laws of 1922 and Chapter 181 of the Laws of 1927.

2. State Aid Projects As Follows:

- (a) \$6,000,000.00 for the construction, reconstruction, maintenance and repair, operation, policing and lighting of county roads and bridges; for the payment of principal and interest of obligations heretofore incurred for any of such purposes, and for the extension of the county highway system under the following formula;

Percentage of population of each county to the total population of the state, according to the last federal census;

Percentage of each county road mileage as against total county road mileage in the state;

Percentage of each county in area as against total area in the state;

- (b) \$2,100,000.00 to be expended pursuant to the provisions of Chapter 15 of title 27 "Highways" of the Revised Statutes.
- (c) \$735,000.00 to be expended pursuant to the provisions of section 27:14-1 of the Revised Statutes.
- (d) \$210,000.00 to be expended pursuant to sections 27:15-10 to 27:15-13 inclusive of the Revised Statutes.

3. Inland Waterways:

\$90,000.00 to the Board of Commerce and Navigation for the construction, reconstruction and maintenance and improvement of the inland waterways as provided by section 54:39-74 of the Revised Statutes.

C. APPROPRIATIONS:

The total of the appropriations recommended for the ensuing fiscal year in substantially the following form:

Detailed Budget:

1. An itemized statement of all appropriation requests and requests for permission to spend from the general state fund, state highway system fund, other dedicated funds and federal aid and trust funds;
2. An itemized statement of the amounts recommended by the governor with respect to item "1" above;
3. An itemized statement of all amounts appropriated and permissions granted for the current fiscal year with respect to item "1" above;
4. An itemized statement of all amounts appropriated and permissions granted for the last preceding fiscal year with respect to item "1" above detailed as to annual and supplemental appropriations, transfers of appropriations, state emergency fund allotments, and permission to spend, as the case may be, and showing also total expenditures, reserves, lapses and unencumbered balances;
5. In addition, such other statistical information as may more fully show comparisons and costs of the several departments.

12. The governor may recommend in connection with his budget message and under separate head new or additional sources of revenue, and set forth in connection therewith his recommendations as to the purpose or purposes to which such proposed new or additional revenue may be appropriated. The total of the recommendations in the budget shall not be in excess of the

estimate of all funds available for disbursement during the fiscal year to which such recommendations are applicable.

13. All applications for supplemental appropriations not included in the budget message shall be made, in the first instance, to the commissioner in substantially the same form as is required for regular requests, setting forth how much of the amount requested will be expended in each quarter of the fiscal year. The commissioner shall certify and transmit forthwith such application to the governor, together with his findings, comments and recommendations thereon. The governor shall transmit to the chairman of the joint appropriations committee such applications as he shall approve in whole or in part with his recommendations thereon, but the governor shall not approve and recommend any appropriation in excess of the total anticipated funds available for disbursement during the fiscal year to which such recommendations are applicable.

14. The commissioner shall cause copies of the budget message to be printed forthwith and a copy thereof shall be presented to each member of the legislature, public libraries in the state and each newspaper in the state, and shall be available for distribution to any citizen on request.

15. The commissioner shall have authority, after consultation with the various spending agencies concerned, to revise and amend quarterly allotment requests to the end that each such request, as revised and amended by the commissioner, shall not exceed the amount appropriated for the spending agency.

16. Not later than the first day of June following the passage of an annual appropriation act, the commissioner shall submit to each spending agency his allotment by quarters of such appropriation. In the case of a supplemental appropriation, the commissioner shall submit his allotment by quarters within two weeks after passage of such appropriation.

17. In order to protect against and meet emergencies that may arise during each fiscal year, the commissioner shall have the power to set aside a reserve out of each appropriation, the exact amount of which shall be determined by him. Any time during the fiscal year that occasion may require this reserve or any portion of it may be returned to the appropriation to which it belongs, providing the commissioner finds such action necessary.

Whenever it appears to the satisfaction of the governor that revenues have fallen seriously below those anticipated, the commissioner, on order of the governor, shall have the power to revise the quarterly allotments.

18. A request officer, whenever he deems it necessary by reason of changed conditions or for some other cogent reason, may request the commissioner to revise the work program of quarterly allotments. The commissioner shall examine such request for revision, shall promptly make a determination thereon, and shall advise such request officer as to his determination with respect thereto; and, if the request is granted, the necessary amendment to the quarterly allotments shall be made by the commissioner.

19. In order to afford reasonable flexibility, any spending agency receiving an appropriation may make written application to the commissioner for leave to transfer a part of any item granted or allowed to such spending agency to any other item in such appropriation, and such application shall indicate the quarter or quarters affected as to both items. Such application shall be made only during the current year for which the appropriation was granted. No transfer shall be authorized or made after the close of any fiscal year. The commissioner shall have authority to make such transfers of appropriation.

20. All allotments from the state emergency fund to an appropriation shall be authorized and allowed by the commissioner, with the approval of the governor, but no such allotment shall be authorized until the commissioner shall have been served with a copy of the application therefor, and shall have had two days after his receipt of said application within which to submit his written recommendation thereon, together with his reasons therefor, to the governor. All allotments thus made to an appropriation from the emergency fund shall indicate which quarterly allotment or allotments shall be increased.

The warrant checks for payment of all expenditures to be made from appropriations shall be drawn on the basis of such allotments.

21. In order effectually to discharge and execute his duties in relation to the quarterly allotment system, the commissioner, or a member of the department designated by him, shall make continuous studies of all departmental requirements including personnel. All requests for additional personnel made by request officers to the civil service agency in the state government shall first be approved by the commissioner.

22. Whenever, in the case of extravagance, waste or mismanagement, it appears to the satisfaction of the governor that any appropriation by a spending agency is not in the best interest of the state, he may prohibit and enjoin such expenditure or any future expenditure under the appropriation and prescribe the terms upon which the same may be made, if at all, by making and signing an order to that effect and serving it on the request officer of such spending agency, and also serving a certified copy of the order upon the commissioner and upon the director of purchase and property, whereupon the order shall immediately become operative. Upon such service future expenditures under the appropriation shall be limited according to

the terms of the executive order. The governor, in such cases, may make other and further orders as may be necessary or advisable in his discretion which orders shall become operative upon such service.

23. Nothing in this act concerning the work program of quarterly allotments shall apply to the legislature.

24. There is hereby established in the Division of Budget and Accounting the Bureau of Accounting. The commissioner, through the Bureau of Accounting, shall prescribe the procedures for the collection of revenues; institute and direct prosecution against delinquent officers of the revenue and for just claims and accounts against the state; provide and maintain a uniform system of accounting for the state, its departments, institutions, courts and other state agencies. The commissioner, through the Bureau of Accounting, shall follow the provisions and procedure set forth in Sections 25 through 38, inclusive, of this article.

25. All state revenue collected by any department, institution, commission, board, committee or official of this state shall, except as otherwise provided by law, be deposited, in the method prescribed by the commissioner, to the credit of the State of New Jersey in such depositories as the state treasurer shall designate. A report of such moneys collected shall be submitted to the commissioner and the state treasurer in such form as the commissioner shall prescribe. Such report shall be submitted not later than the tenth day of the month following that during which such moneys were received. The commissioner, upon receiving such report, shall audit and register all amounts contained therein and make proper accounting thereof.

26. The commissioner shall have authority to prescribe uniform forms to be used by all departments or other agencies of the state government in encumbering any funds appropriated.

The commissioner shall prepare the forms upon which shall be rendered all statements of indebtedness against any department, institution, commission, committee, official, board, or body of state government.

The forms, in this section provided, shall, when so prepared, be the only forms used for the evidence and record of such encumbrances and indebtedness.

27. The powers and duties heretofore vested by P.L. 1940, c.35, in the State Comptroller are hereby transferred to the Division of Budget and Accounting and to the commissioner, as the head thereof, to be exercised through the Bureau of Accounting.

28. Each department, commission, committee, official, board or body of any institution or organization of the state shall designate the proper officer who shall approve and sign all encumbrance requests and statements of indebtedness. The designation shall be filed in the office of the commissioner; and the requests and statements of indebtedness shall be presented to the commissioner.

The commissioner shall examine, audit and adjust all encumbrances and statements of indebtedness so presented. He may administer an oath to the persons presenting the encumbrance or statement of indebtedness and to any witness presented on behalf of such person and may examine such person or witness as to the truth, fairness and correctness of such encumbrance or statement of indebtedness.

The commissioner shall execute and register warrant checks in settlement of statements of indebtedness, approved by him, and shall transmit them forthwith to the state treasurer who shall thereupon sign and deliver the same to the payees.

29. Checks or drafts used only for the transfer of state funds from one depository to another, drawn to the order of the State of New Jersey and restrictively endorsed by the treasurer in the following manner;

"Transfer of State Funds - For Deposit Only," need not be signed by the commissioner.

30. Wherever a provision of law relating to the presentation of claims or bills for approval, the drawing of warrants, the countersigning of receipts and checks, the administration of petty cash funds, the appportionment of taxes on railroad and canal property, applies to the comptroller, such provision of law shall when this act takes effect apply instead to the commissioner.

31. The commissioner shall have authority to prescribe and enforce, to every extent practicable, a centralized payroll system. For the purposes of the pre-audit of all payrolls, the commissioner shall have authority to require of the civil service agency in the state government notice of payroll changes in the form prescribed by the commissioner, which form the commissioner is hereby authorized to prescribe.

32. The Secretary of State shall, when the offices of state treasurer and commissioner or either of them shall become vacant or the officers or either of them shall no longer be authorized to act as such, respectively, give written notice forthwith to all national banks located in this state and institutions authorized by the state to carry on a banking business of such vacancy or termination of power. No bank shall thereafter pay any check or draft of the state treasurer, signed or countersigned by any person after his office shall become vacant or after he shall no longer be authorized to act.

33. The commissioner shall, except as otherwise provided by law, cause suit to be instituted in any competent court of this or any other state for the recovery of any money due the state or any of its institutions, departments, commissions or officers. The suit shall be in the name of the "State of New Jersey" as plaintiff.

34. The commissioner shall keep and maintain, at all times, within the division all such books of accounts and other accounting records leading to and including the general ledger as may be necessary for the centralized control of all accounts.

35. The commissioner shall install, keep and maintain in the division a complete set of double-entry accounts, which shall reflect directly or through proper controlling accounts, on an accrual basis, all assets, liabilities, revenues, and expenditures of the state, and all of its accounting agencies. Such accounts shall reflect all accounts receivable and payable, all balances of all funds, and such other information as is required for a proper statement of the financial conditions and operations of the state.

36. The commissioner shall prescribe and enforce the form, manner and content of accounts to be kept by each accounting agency, and the form, manner and content of accounting reports and statements to be rendered to him with respect thereto. The commissioner, if he deems such action necessary, may install a system of accounts in an accounting agency of the state government. He shall provide for reports and statements to be submitted to him at least once each month which shall show the complete operation of each accounting agency and such other information as may be necessary in his judgment. This requirement shall not be in limitation of such other reports and statements, at longer or shorter intervals, containing the same or other information, as may be necessary in the judgment of the commissioner.

37. The commissioner shall prepare, within thirty days after the end of each month, a complete statement showing:

- a. Balance sheet of all assets and liabilities for all state funds;
- b. Statement of accrued revenues as compared with anticipated revenues;
- c. Summary statement showing the condition of the appropriations, which shall reflect the original appropriation, supplemental appropriations, transfers to and from, allotments from the emergency fund and expenditures made against such appropriations.
- d. Such other information as he may deem necessary and proper.

Such statement, certified by the commissioner, shall be transmitted forthwith to the governor, and shall be and remain a public document on file in the office of the commissioner, subject to inspection by any citizen of the state, who shall have the right to make or obtain copies thereof under such reasonable regulations as the commissioner may prescribe. Copies of said statements shall be transmitted at the same time to the president of the senate, the speaker of the house of assembly, the chairman of the respective appropriation committees, the state treasurer and the state auditor.

38. If the commissioner should find that any officer or head of a department of the state government wilfully or negligently fails or refuses to keep or have kept such accounts, render such reports or perform such other duties as may be prescribed by the commissioner under this article, or refuses to conform to any of the provisions of this article, he shall notify such officer or head of a department in writing of such failure or refusal, and the particulars thereof, and shall allow him reasonable opportunity to be heard thereon. If such failure is not explained to the

satisfaction of the commissioner, he shall prepare written charges against such officer or head of a department, and submit the same to the governor forthwith, and serve a copy thereof upon such officer or head of a department charged with such failure or refusal. Thereupon the governor shall fix a time and place for hearing such charges by giving not less than five days' notice thereof in writing to such officer or head of a department so charged and to the commissioner. After due hearing, the governor may take such action as may be necessary, in his judgment, including the removal of such officer or head of a department found guilty of such charges, but if the right of removal in any case is vested exclusively in the legislature, the governor shall transmit to the legislature a written report of his findings with his recommendations thereon for consideration and action by the legislature.

ARTICLE 4. DIVISION OF TAXATION

1. The powers and duties heretofore vested by law in the State Tax Department and in the State Tax Commissioner are hereby transferred to the Division of Taxation, and the director thereof, respectively, in the State Department of Taxation and Finance.

2. The Division of Taxation shall be headed by a director who shall be appointed by the commissioner, with the advice and consent of the governor, to serve until the next governor shall be elected and qualified and until the director's successor shall be appointed and qualified. The governor, however, shall have power to remove the director for cause.

3. The director shall receive an annual compensation, fixed by the commissioner, of not exceeding ten thousand dollars (\$10,000.00).

4. Unless otherwise provided by law, the director of the Division of Taxation shall perform all the acts formerly required by law to be performed by the State Tax Commissioner.

The director shall have authority, subject to the approval of the commissioner, to continue, within the division, the various bureaus of the State Tax Department as they exist on the date this act takes effect; or, subject to the commissioner's approval, to reorganize those bureaus as he may deem desirable.

ARTICLE 5. DIVISION OF TAX APPEALS

1. The State Board of Tax Appeals shall continue in all respects as provided by law prior to the time this act shall take effect, but the board is hereby transferred to and constituted the Division of Tax Appeals in the State Department of Taxation and Finance.

ARTICLE 6. DIVISION OF PURCHASE AND PROPERTY

1. The Division of Purchase and Property shall be headed by a director who shall be appointed by the commissioner, with the advice and consent of the governor, to serve until the next governor shall be elected and qualified and until the director's successor shall be appointed and qualified. The governor, however, shall have power to remove the director for cause.

2. The director shall receive an annual compensation, fixed by the commissioner, of not exceeding ten thousand dollars (\$10,000.00).

3. The powers and duties heretofore vested by law in the State Purchasing Department, and the State Purchase Commissioner, are hereby transferred to the Division of Purchase and Property and to the director, respectively, as the head of that division of the State Department of Taxation and Finance.

4. The director is hereby vested with the powers, duties, and responsibilities involved in the efficient operation of a centralized state purchasing service, and with the custody, operation and maintenance of all state property not chargeable to a particular department. He shall have authority, subject to the commissioner's approval, to organize the division for the effective performance of its functions and purposes herein set forth.

5. The director shall make an annual detailed report to the commissioner of his operations under this act and render such other reports as the commissioner shall, from time to time, request.

6. The director shall, in consultation with heads of departments, develop standard specifications for all commodities commonly purchased, and shall establish and maintain a system of inventories of properties, supplies and equipment of all state departments and agencies.

The director shall:

- a. Determine and establish and from time to time change standards and specifications according to the needs of all using agencies so far as their needs are in common, and for groups of using agencies or for single using agencies so far as their needs differ;
- b. Fix physical or chemical formulae and otherwise determine the service, quality, fitness and suitability of all articles tendered or furnished;
- c. Make use for such purposes of the existing laboratories maintained by the state;
- d. Establish a list of other public or private laboratories whose tests and analyses will be accepted; and
- e. Fix the fees required to be paid for tests or analyses made in any state laboratory.

The fees required by any state or other laboratory for any analysis or test made for any prospective vendor, prior to the award of a contract, shall be paid by such prospective vendor. Inspection analyses or tests shall be at the expense of the state.

7. In the purchase of all articles, the standards and specifications determined and established pursuant to section 6 shall be adhered to and complied with, and no deviation shall be permitted without the written consent of the commissioner first obtained.

8. Any using agency may reject any article delivered or tendered which fails to comply with the standards and specifications applicable to such article.

9. Each using agency shall, at all times, in the form and for the periods prescribed by the director, present to him detailed applications and schedules for all articles to be purchased. The director shall then arrange such schedules or parts thereof for purchase and contract, in the manner best calculated to attract competition and advantageous prices. He shall award contracts or orders for purchase to the lowest responsible bidder meeting all specifications and conditions. He shall have authority to reject any or all bids or to award in whole or in part if deemed to the best interest of the state to do so. In case of tie bids, he shall have authority to award orders or contracts to the vendor or vendors best meeting all specifications and conditions. Public bids shall not be waived except with the written approval of the commissioner and except after notice in writing to the state auditor. The director shall prescribe the terms and conditions for delivery, inspection, payment and all other detail whatsoever.

Upon the award of contracts or orders for purchase, the director shall thereupon make an encumbrance request to the commissioner for the amount necessary to defray the cost thereof, indicating the appropriations or authorizations to spend funds against which the contract or purchase order will be charged.

The bills for such purchases shall be apportioned by the director among the using agencies in proportion to the purchases made therefor, and certified as apportioned to the commissioner, to be charged against the respective appropriations or authorizations to spend as indicated by the certificate of the director. The bills therefor shall be paid by warrant check of the commissioner and state treasurer.

Nothing in this article shall be construed to repeal or otherwise affect any law of this state relating to the purchase or use of the products of the labor of the inmates of a charitable, reformatory or penal institution of this state.

10. The director shall, subject to the approval of the commissioner, effect and maintain insurance against loss or damage by fire upon the state house and the contents thereof in such sum as may be deemed necessary. The director is hereby authorized, and it shall be his duty, after consultation with the heads of state departments and agencies, to purchase and secure all necessary casualty insurance, marine insurance, fire insurance, fidelity bonds, and any other insurance necessary for the safeguarding of the interest of the state. He is hereby authorized, subject to the commissioner's supervision and approval, to establish, in the Division of Purchase and Property, a bureau to administer a centralized system of insurance for all departments and agencies of the state government.

11. All contracts and purchase orders heretofore awarded by the State Purchase Commissioner and all operative state insurance contracts, which are outstanding and uncompleted when this act takes effect, shall continue and be completed under the terms thereof by the director of the Division of Purchase and Property.

12. The powers and duties vested in the State House Commission by sections 52:20-7, 52:20-13, 52:20-14, 52:20-20 and 52:20-25 of the Revised Statutes are hereby transferred to the Division of Purchase and Property and to the director thereof.

The director, with the commissioner's approval, shall to every practicable extent arrange, and from time to time rearrange, the office space assigned to the various departments and other agencies of the state government in a manner to provide for the most efficient conduct of the business of such departments and agencies.

13. Whenever land is acquired by the state pursuant to any law and the owner of any portion of the land adjacent thereto has not a prescribed right of way from his lands and over the land so acquired by the state to any public highway, the owner of the lands and the state treasurer and the commissioner, representing the state, may agree upon a right of way, which agreement shall be reduced to writing and signed by the parties thereto and filed and recorded in the office of the county clerk as deeds and mortgages are filed and recorded.

14. The director may, with the approval of the commissioner, sell any personal property in the possession of the state which is perishable in character and from which no revenue is derived, at public sale, after the same shall have been advertised at least ten days in a newspaper published in the city of Trenton and all persons claiming any lien or interest in such

property shall take notice of the same at their peril. If any person shall thereafter establish a claim to any interest in the goods so sold according to law, the fund received from such sale shall be liable for the space of one year from the date of the sale for such interest or claim. All claims and interest in such property, other than that provided in this section, shall be forever barred. The sum realized from the sale shall, after the expiration of the period of one year, be covered into the state treasury.

15. Whenever, in the opinion of the director, any personal property in the custody and control of any state department, institution, commission, board, body, or other agency of the state is deemed surplus, obsolete or not longer suitable for the purpose for which it was intended, he may make a transfer of the custody and control of such personal property to any other state department, institution, commission, board, body, or other agency of the state by which the property so reported may be advantageously used.

Whenever such property so reported cannot be used by any state department, institution, commission, board, body or other agency of the state, the director may, with the commissioner's approval and after notification in writing to the state auditor, dispose thereof, and thereupon the director shall pay the proceeds arising from such disposition into the general fund of the state.

16. The director shall provide by rule and regulation, subject to the commissioner's approval, for the use and disposal of property which, pursuant to any law of this state, has been seized and forfeited and which has been turned over to the director. Whenever such seized and forfeited property has been turned over to the director, he may, by order, retain the property for the benefit of state institutions and other boards, commissions, agencies and instrumentalities of the state government; but if, in the

opinion of the commissioner, the property can to the greater advantage of the state be sold, the director may cause the same to be sold at public auction at a time and place to be designated by the director, notice of which sale shall be given at least three days before the sale, by publication at least once in a newspaper published in the city of Trenton. The proceeds of any such sale shall be turned over to the treasurer of the state for the use of the state.

ARTICLE 7. DIVISION OF LOCAL GOVERNMENT

1. The State Department of Local Government as heretofore constituted and provided for by law shall be the Division of Local Government in the State Department of Taxation and Finance.

2. The administrative head of the Division of Local Government shall be the director who shall be appointed by the commissioner, with the advice and consent of the governor, to serve until the next governor shall be elected and qualified and until the director's successor shall be appointed and qualified, but the governor shall have the power to remove the director for cause.

3. The director shall receive an annual compensation, fixed by the commissioner, of not exceeding ten thousand dollars (\$10,000.00).

4. The compensation of each member of the Local Government Board shall be the sum of twenty-five dollars a day for each day he shall attend a meeting of the board.

5. The powers and duties of the Local Government Board shall be the same as heretofore, and the powers and duties of the director shall be the same as those heretofore vested in the Commissioner of Local Government, except that the board and the director shall be under the general supervisory authority of the Commissioner of Taxation and Finance.

6. The director and the board shall make an annual report to the commissioner of the work of the division and the financial condition of counties and municipalities. The report shall include such recommended changes and legislation pertaining to local government as may seem proper and desirable. The director shall also publish annually a report of comparative financial statistics of local government tabulated to show the costs of government, the costs of principal services, the amount of debt and other pertinent data.

The annual report and the report of local financial statistics shall be published for general distribution. The director may make a reasonable charge for copies of the annual reports to cover costs of printing.

The director shall make such special reports as the commissioner may request.

ARTICLE 8. GENERAL AND TRANSFER PROVISIONS

1. The director of each division in the Department of Taxation and Finance shall have authority to appoint such clerical and other assistants as he may deem necessary to the division's work and to fix their duties, all of whom shall be subject to the provisions of Title 11, Civil Service.

2. Any power which may be vested in a director of any division in the Department of Taxation and Finance may be exercised by the commissioner. To the extent that the commissioner exercises such power the power of the director shall be superseded.

3. Before entering upon his duties, the commissioner and each division director shall make and subscribe an oath, to be filed in the office of the Secretary of State, that he will faithfully, impartially and without fear,

favor or prejudice discharge the duties of his office and carefully preserve all records, papers, writings, or property intrusted to him by virtue of his office, and make such disposition of them as may be required by law.

The commissioner and each division director shall give bond conditioned upon the faithful performance of his duties. Each bond shall be approved by the governor and shall be in an amount, fixed by the governor, not exceeding fifty thousand dollars (\$50,000.00). The governor shall have authority to require any other employee of the department to give bond conditioned upon the faithful performance of his duties, which bond shall be approved by the governor and the amount thereof fixed by him. The premiums on bonds provided for herein shall be paid by the state.

4. Unless specifically provided otherwise in this act or by any operative law, whenever, pursuant to existing law, reports and certifications are required to be made to a department, board or officer whose powers and duties are herein transferred, such reports and certifications shall hereafter be required to be filed with the director of the appropriate division, in the Department of Taxation and Finance, through whom such transferred powers and duties are to be exercised pursuant to this act.

5. All persons employed, when this act takes effect, in a department or other agency which is transferred, or whose powers, duties and functions are transferred, to the Department of Taxation and Finance by this act are hereby transferred to the Department of Taxation and Finance. Persons so transferred shall be assigned to such duties as the commissioner shall determine.

6. Nothing in this act shall be construed to deprive any persons of any rights or protection provided them by Title 11 of the Revised Statutes or by any pension law or retirement system or any other law.

7. All files, books, papers, records, equipment and other property of departments or other agencies which are transferred to the Department of Taxation and Finance by this act shall, to the extent that the powers and duties of such departments or other agencies are herein transferred, be transferred to the Department of Taxation and Finance upon the effective date of this act.

8. To the extent necessary to carry out the intent and provisions of this act, the commissioner, with the approval of the governor, may make transfers of appropriations, in whole or in part, made to any department, board, officer or other agency affected by the provisions of this act.

9. In the event that a person appointed and serving as commissioner or as a director shall hold another state office or position, his salary as commissioner or director shall be reduced by the amount paid to him as the holder of such other office or position.

10. The following sections of the Revised Statutes, as amended, are repealed: 52:18-22, 52:18-23; 52:19-16 to 52:19-36, inclusive; 52:20-3, 52:20-8, 52:20-9, 52:20-10, 52:20-11, 52:20-12, 52:20-16; 52:22-1 to 52:22-22, inclusive; 52:23-1 to 52:23-16, inclusive; 52:25-7, 52:25-8, 52:25-9, 52:25-10, 52:25-15, 52:25-17, 52:25-18, 52:25-19, 52:25-20, 52:25-21, 52:25-22, 52:25-24; 52:31-1, 52:31-7, 52:31-9, 52:31-10, 52:31-11; 54:1-3, 54:1-4, 54:1-5.

Sections 8 and 12 of an act entitled "An Act creating a State department of local government, prescribing its powers and duties, and transferring to it certain powers and duties vested in the State Auditor", approved May ninth, one thousand nine hundred and thirty-eight (P.L. 1938, c. 158), are repealed.

11. This act shall take effect July first, one thousand nine hundred and forty-four. Any appointment and any confirmation of any appointment permitted by this act may be made after the enactment thereof.

