

Governor Christie Signs Pro-Taxpayer Atlantic City Reform Legislation

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Trenton, NJ — After 73 days of partisan obstruction by the State Assembly Speaker on behalf of his public union bosses, Governor Chris Christie signed pro-taxpayer Atlantic City reform bills within one day of their final legislative passage.

The new laws — S-1711/A-2569 (Sweeney, O'Toole, Sarlo/Prieto, McKeon, Mazzeo, Caputo), the Atlantic City "Municipal Stabilization and Recovery Act," and S-1715/A-2570 (Sweeney, Whelan/Prieto, Mazzeo, Caputo), to help Atlantic City compensate for a decline in property assessments — include all provisions that the governor requested in the beginning of negotiations with legislative leaders.

"These new laws will ultimately accomplish my mission to reform Atlantic City's overblown municipal government, and in turn protect local and state taxpayers from being perpetually abused by the special political interests who admit to owning this city's elected officials," Governor Christie said. "We all agree that Atlantic City's government has not demonstrated the competence to properly manage the people's money without state guidance and oversight, and as I've said all along they will not be getting any more blank checks from state taxpayers as the legislature had proposed last summer. This legislation means no more business as usual. It embraces my demand that Atlantic City immediately account for every dollar it receives and spends, and triggers a series of strict conditions and rigorous requirements the city must meet immediately."

Today's action requires Atlantic City to demonstrate fiscal responsibility immediately and to develop a comprehensive, sustainable recovery plan, including a balanced budget, over the next 150 days. If the Commissioner of the Department of Community Affairs ultimately determines an intervention is necessary, this reform law will, as the Governor has consistently insisted upon, provide his administration all of the requisite tools to effectuate meaningful change in Atlantic City's finances.

"For Atlantic City officials, the final countdown starts today," the Governor said. "They now have 150 days to develop and implement fiscally responsible reforms and finally meet the obligations of every other municipal government in our state. They know that if they fail to change their tendencies of wasteful spending and mismanagement, my administration will be empowered to immediately step in and do the job for them."

The main reform provisions include:

- No more grants; no more free money. The Governor is agreeing only to a secured bridge loan for the next six months, under terms and conditions set by the Commissioner of the Department of Community Affairs, the repayment of which must be factored into the recovery plan to be developed by the city;

- The preparation of a detailed, five-year recovery plan, which includes a balanced budget for 2017 and identifies the specific actions undertaken by the city government to put its fiscal house in order, beginning immediately;

Atlantic City's recovery plan must also include:

- o How it will cut its excessive, wasteful spending and increase its revenues;
- o How it will make on time payments in full to the school district;

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- o How it will make on time payments in full to Atlantic County;
- o How it will repay the secured state loan;
- o How it will repay debts owed to the state for pension and health coverage; and
- o How it will make good on all other debts and obligations that are outstanding to bondholders, tax appeal judgment holders, and other creditors.

The Commissioner of the Department of Community Affairs is empowered under this bill to determine whether the city government's proposed recovery plan is likely to achieve financial stability for Atlantic City and if he determines that the plan will fall short of this goal, the state will intervene and manage the city with all of the tools necessary to turn this troubled city around; and

To ensure that Atlantic City's government maintains fiscal discipline as the cloud of this longstanding financial crisis lifts, if the Commissioner approves its recovery plan, he has the authority to determine at any time that state intervention is necessary if Atlantic City fails to strictly comply with its plan or if circumstances indicate that the plan is no longer likely to achieve financial stability.

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