

ASSEMBLY, No. 4326

STATE OF NEW JERSEY 216th LEGISLATURE

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SYNOPSIS

Reforms annual State revenue estimating and reporting, and executive State budget presentation and revenue certification processes.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT reforming annual State revenue estimating and reporting,
2 and executive State budget presentation and revenue certification
3 processes, amending P.L.1944, c.112 and P.L.1979, c.8 and
4 supplementing Title 52 of the Revised Statutes.

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

8
9 1. (New section) a. The State Treasurer, ex officio, and the
10 Legislative Budget and Finance Officer, ex officio, shall, together
11 with a third public member who shall be jointly selected thereby,
12 constitute a New Jersey Revenue Advisory Board that shall provide
13 the Governor and the Legislature with advisory consensus forecasts
14 of State revenues anticipated to be received by the State during:

15 (1) the present and next commencing fiscal year to support
16 annual State appropriations; and

17 (2) the next two ensuing fiscal years thereafter to support annual
18 State appropriations.

19 b. The public member shall be qualified by education, training
20 or experience related to State tax policy and revenue analysis. The
21 public member selected shall not be an individual who is holding
22 elective office. The public member selected shall serve for a term
23 of three years and may be reappointed for successive terms. A
24 vacancy in the public member position of the group shall be filled
25 by the joint selection of the other members. For purposes of board
26 membership, any vacancy in the Office of the State Treasurer shall
27 be filled by the acting State Treasurer as designated by law by the
28 Governor, and any vacancy in the position of Legislative Budget
29 and Finance Office shall be filled by the Executive Director of the
30 Office of Legislative Services.

31 c. The New Jersey Revenue Advisory Board shall organize as
32 soon as practicable, but no later than the 10th day after the selection
33 of its public member. The board chairperson shall be designated
34 from among its ex officio members to serve as chairperson on a
35 rotating basis with the State Treasurer serving during the fiscal year
36 commencing July 1, 2015 and during each fiscal year commencing
37 in odd-numbered years and the Legislative Budget and Finance
38 Officer serving as chairperson during fiscal years commencing in
39 even-numbered years. The chairperson shall appoint a secretary
40 who need not be a member of the board.

41 d. The New Jersey Revenue Advisory Board shall convene one
42 or more public hearings at the place or places it designates during
43 the second quarter of each State fiscal year. The board shall receive
44 public testimony and may invite such other participants who, in the
45 judgment of the board, may provide guidance on the current

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 conditions in, and probable outlook for, the performance of the
2 economy of the State, as well as the effect of such conditions and
3 such performance on State revenues.

4 e. The New Jersey Revenue Advisory Board shall conduct
5 public meetings at the place or places it designates,

6 (1) one of which shall be on or before January 15 of each State
7 fiscal year to adopt the advisory consensus forecasts required
8 pursuant to paragraphs (1) and (2) of subsection a. of this section,
9 and

10 (2) one of which shall be on or before May 15 of each State
11 fiscal year to readopt or revise the advisory consensus forecasts
12 required pursuant to paragraph (1) of subsection a. of this section.

13 The board may meet and hold additional public meetings at the
14 times and in the places as the chairperson deems necessary and
15 appropriate to fulfill the duties of the board including but not
16 limited to providing periodic revisions to previous advisory
17 consensus State revenue forecasts. The board shall be entitled to
18 call to its assistance, and avail itself of the services of, the
19 employees of any State department, board, bureau, commission, or
20 agency as it may require and as may be available for its purposes.

21 f. The members of the New Jersey Revenue Advisory Board
22 shall serve without compensation for their service on the board, but
23 may be reimbursed for travel and other miscellaneous expenses
24 necessary to perform their duties, within the limits of the funds
25 appropriated or otherwise made available to the board for its
26 purposes or as may be reimbursed by the agency in which the
27 members may serve.

28 g. A government record for the purposes of P.L.1995, c.23
29 (C.47:1A-1.1 et al.) shall not include the following: any
30 memorandum, correspondence, notes, report or other
31 communication prepared by, or for the specific use of, a member of
32 the New Jersey Revenue Advisory Board in the course of the
33 board's or board member's consultations, deliberations or official
34 duties as a board member, except that this provision shall not apply
35 to an otherwise publicly accessible report submitted to the New
36 Jersey Revenue Advisory Board or its members, or the advisory
37 consensus State revenue forecasts required by this section to be
38 prepared and adopted by the board.

39

40 2. Section 11 of article 3 of P.L.1944, c.112 (C.52:27B-20) is
41 amended to read as follows:

42 11. The Governor shall examine and consider all requests for
43 appropriations, together with the findings and recommendations of
44 the Director of the Division of Budget and Accounting, and shall
45 formulate the Governor's budget recommendations, which shall be
46 presented as a budget message by the Governor during an
47 appearance before a joint session of the Legislature which shall be

1 convened at 12 noon on a date on or before the fourth Tuesday in
2 February in each year.

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

9 A. Revenues for the General Fund, other budgeted State
10 revenues, all other dedicated funds, Federal aid funds, and trust
11 funds:

12 (1) An estimate of all balances to be on hand on the first of July
13 next ensuing which are to be available for appropriations, supported
14 by the calculations used in arriving at the estimated figures;

15 (2) An estimate of the anticipated revenues from all sources
16 applicable to the next ensuing budget period, together with the
17 actual amount earned from each source during the last completed
18 fiscal year, and the estimate of revenues expected to be earned from
19 each source for the current fiscal year.

20 (3) An explanation of any variance of the estimates with respect
21 to current and next ensuing fiscal year for item (2) above compared
22 to the advisory consensus forecasts of State revenues prepared by
23 the New Jersey Revenue Advisory Board pursuant to section 1 of
24 P.L. , c. (C.) (pending before the Legislature as this bill).

25 B. (Deleted by amendment, P.L.2003, c.275).

26 C. Appropriations. The total of the appropriations
27 recommended for the ensuing fiscal year in substantially the
28 following form:

29 Detailed Budget:

30 (1) An itemized statement of the amounts of all **【appropriation】**
31 **appropriations** **【requests】** and **【requests for permission】**
32 **permissions** to spend recommended by the Governor from the
33 General State Fund, other budgeted State revenues, other dedicated
34 funds and Federal aid and trust funds;

35 (2) **【An itemized statement of the amounts recommended by the**
36 **Governor with respect to item (1) above;**

37 **(3)【** An itemized statement of all amounts appropriated and
38 permissions granted for the current fiscal year with respect to item
39 **【"1"】 (1) above;**

40 **【(4)】 (3)** An itemized statement of all amounts appropriated and
41 permissions granted for the last preceding fiscal year with respect to
42 item (1) above detailed as to annual and supplemental
43 appropriations, transfers of appropriations, State Emergency Fund
44 allotments, and permission to spend, as the case may be, and
45 showing also total expenditures, reserves, lapses and unencumbered
46 balances;

1 **[(5)]** (4) In addition, such other statistical information as may
2 more fully show comparisons and costs of the several departments,
3 (cf: P.L.2003, c. 275, s.1)
4

5 3. (New section) The Governor shall, together with the
6 Governor's budget recommendations, which shall be presented as a
7 budget message by the Governor pursuant to section 11 of article 3
8 of P.L.1944, c.112 (C.52:27B-20), present:

9 a. For the ensuing fiscal year a comparison of recommended
10 appropriations amounts to statutory amounts, in an appendix
11 included in the published detailed Governor's budget
12 recommendations described in section 11 of article 3 of P.L.1944,
13 c.112 (C.52:27B-20), set forth in column form as a convenient
14 comparison of current services basis budget amounts for State
15 pension system employer contributions, State Aid for education,
16 Municipal Aid; and programs of direct taxpayer property tax relief,
17 with the differences, if any, of these amounts required for these
18 programs if the State were to fund all of its statutory obligations at
19 the current or normal service levels for these programs.

20 b. For each of the next two fiscal years following the ensuing
21 fiscal year, an itemized statement of the amounts projected by the
22 Governor with respect to item (1) of subsection C. of section 11 of
23 article 3 of P.L.1944, c.112 (C.52:27B-20), adjusted for current
24 services basis budgeting for program specific inflation, previously
25 enacted program expansions and eliminations, and caseload or
26 population changes accompanied by specific statements of
27 underlying assumptions and methods used to calculate all current
28 services basis amounts.

29 c. For each of the second and third fiscal years after the current
30 fiscal year, projections of anticipated revenues from all sources
31 applicable to those budget periods.
32

33 4. Section 15 of P.L.1979, c.8 (C.52:11-68) is amended to read
34 as follows:

35 15. It shall be the duty of the Legislative Budget and Finance
36 Officer to:

37 a. At the request of the Legislature or any member thereof,
38 collect and assemble factual information relating to the fiscal affairs
39 of the State;

40 b. At the request of the Legislature or any member thereof,
41 examine requests for appropriations and receive and investigate the
42 truth, fairness and correctness of all claims against the State for
43 payment of which appropriations are to be requested;

44 c. Report to the Legislature through the **[(Joint Appropriations**
45 **Committee)]** budget and appropriations committees, or in such other
46 manner as shall be directed by the Legislature, upon the foregoing
47 and as to any other matter which may be of assistance to **[(said**
48 **committee)]** the budget and appropriations committees or the

1 Legislature in forming an independent judgment in the
2 determination of any fiscal matters before it and **【attend upon】**
3 assist the **【Joint Appropriations Committee】** budget and
4 appropriations committees during **【its sittings and】** any budget or
5 revenue hearings thereof and perform such services for **【it as it】** the
6 committees as they shall direct;

7 d. Provide the Legislature with expenditure information and,
8 upon request, performance analyses of programs and transactions.
9 (cf: P.L.1985, c.162, s.12)

10
11 5. (New section) The Director of the Division of Budget and
12 Accounting in the Department of the Treasury, in consultation with
13 the Legislative Budget and Finance Officer and the Office of
14 Information Technology, shall design, develop, and maintain a
15 single, public searchable Internet database, that contains and
16 displays information on the amounts of all appropriations and
17 permissions to spend recommended by the Governor for the current
18 and next ensuing fiscal year, that will allow users to customize and
19 display for budget program classification, consisting of an operating
20 program function of closely related activities with an identifiable
21 objective or goal, that may be within one or across more than one
22 spending agency or unit, summaries of related appropriations that
23 may appear at different locations within the Governor's budget
24 message.

25
26 6. (New section) After submission of the Governor's budget
27 message to the Legislature pursuant to section 11 of article 3 of
28 P.L.1944, c.112 (C.52:27B-20), the State Treasurer shall, after the
29 second public meeting of the New Jersey Revenue Advisory Board
30 required by subsection e. of section 1 of P.L. , c. (C.)
31 (pending before the Legislature as this bill) and before May 31
32 annually, appear before the Legislature's budget and appropriations
33 committees with a report of any revisions to the estimates of the
34 amount of revenue collected and anticipated to be collected by the
35 State to support appropriations for the current fiscal year and to
36 support appropriations for the ensuing fiscal year as had been
37 provided in the Governor's budget message. If the State Treasurer
38 reports to the committees any downward revisions to the these
39 estimates compared to the estimates presented in the Governor's
40 budget recommendations made pursuant to section 11 of article 3 of
41 P.L.1944, c.112 (C.52:27B-20), the State Treasurer shall report
42 therewith any changes in appropriations recommended for the
43 current and next ensuing fiscal year.

44
45 7. (New section) a. Each annual appropriations bill which has
46 passed the Legislature shall include a display in the preamble of the
47 bill the various items of State revenue anticipated to be collected by
48 the State to support appropriations for that fiscal year that the

1 Legislature has determined shall be available to support those
2 appropriations, and which shall be thereby deemed recommended
3 by the Legislature. The Governor shall not certify the total amount
4 of revenue on hand and anticipated which will be available to meet
5 all appropriations for that fiscal year pursuant to the Governor's
6 responsibility under Article VIII, Section II, paragraph 2 of the New
7 Jersey Constitution prior to the passage by the Legislature of an
8 annual appropriations bill.

9 b. The Governor shall include with the certification of revenue
10 for the annual appropriations bill a contingency plan describing
11 specific action to be undertaken by the Governor or the Legislature
12 to address a potential revenue shortfall for the fiscal year equal to
13 3% of the total appropriations approved for that fiscal year plus the
14 amount by which the certified revenues exceed the final advisory
15 consensus forecast of New Jersey Revenue Advisory Board for that
16 fiscal year except to the extent that the difference reflects a policy
17 change made subsequent to the board's final advisory consensus
18 forecast.

19 c. Each Governor, within a 30 day period before the last day of
20 that Governor's tenure in office, shall certify the total amount of
21 revenue on hand and anticipated which will be available to meet all
22 appropriations for the current fiscal year and recommend to the
23 Legislature a contingency plan describing specific action to be
24 undertaken by the next Governor or the Legislature to address a
25 potential revenue shortfall for the fiscal year if such a potential
26 revenue shortfall is indicated in the certification of revenue required
27 pursuant to this subsection.

28

29 8. Section 37 of article 3 of P.L.1944, c.112 (C.52:27B-46) is
30 amended to read as follows:

31 37. The Director of the Division of Budget and Accounting shall
32 prepare, within 60 days following December 31 and 90 days
33 following the last day in which annual appropriations are available
34 for expenditure during each fiscal year, a complete report showing:

35 a. Balance sheet of all assets and liabilities for all State funds.

36 b. Statement of **【General State Fund】** accrued revenues as
37 compared with anticipated revenues of the General State Fund, the
38 Property Tax Relief Fund, the Casino Revenue Fund, and other
39 budgeted State funds.

40 c. Summary report of the General State Fund, the Property Tax
41 Relief Fund, the Casino Revenue Fund, and other budgeted State
42 funds showing the condition of the appropriations, which shall
43 reflect the original appropriation, supplemental appropriations,
44 appropriated revenue, reappropriations, transfers to and from,
45 allotments from the emergency fund and expenditures made against
46 such appropriations.

47 d. **【Such】** Statement of miscellaneous revenues itemized by
48 department, major sources of budgeted federal aid itemized by

1 department, itemized information on income to the General State
2 Fund and other budgeted State revenues from major dedicated and
3 trust funds, sales and use tax collections by industry sector codes,
4 and such other information as [he] the director may deem
5 necessary and proper.

6 Such [statement] report, certified by the director, shall be
7 transmitted forthwith to the Governor, and shall be and remain a
8 public document on file in the office of the director, subject to
9 inspection by any citizen of the State, who shall have the right to
10 make or obtain copies thereof under such reasonable regulations as
11 the director may prescribe. Copies of [said statement] the report
12 shall be transmitted at the same time to the President of the Senate,
13 the Speaker of the General Assembly, the chairman of the
14 respective appropriation committees, the State Treasurer and the
15 State Auditor.

16 In addition the director shall prepare, publish and make public a
17 summarized monthly report of the General State Fund, the Property
18 Tax Relief Fund, and the Casino Revenue Fund no later than [30
19 days] the 10th working day following the end of each month which
20 shall reflect the accrued revenues as compared with anticipated
21 revenues for the prior month, itemized by revenue source for major
22 taxes, [by department for miscellaneous revenues, by department
23 for major sources of Federal aid budgeted and with information on
24 income to the General State Fund from the major dedicated and
25 trust funds.] including collections of such accrued revenue by
26 separate components of each such major tax, including but not
27 limited to withholding and estimated payments by taxpayers of
28 gross income tax, by collection methods such as by regular periodic
29 taxpayer returns and through taxpayer compliance programs and
30 other special efforts, and tax refund payments made therefrom and
31 refund applications pending thereunder The monthly report shall
32 reflect the condition of the appropriations, any revisions to the most
33 recent projection or certification of anticipated revenue and other
34 such data [which] as the director shall determine.

35 Copies of the monthly reports shall be transmitted at the same
36 time to the President of the Senate, the Speaker of the General
37 Assembly, the chairs of the respective appropriation and budget
38 committees, the State Treasurer, the Legislative Budget and Finance
39 Officer and posted on the official website of the Division of Budget
40 and Accounting in the Department of the Treasury and remain
41 posted for the duration of the next three State fiscal years.

42 (cf: P.L.1977, c.158, s.1)

43
44 9. This act shall take effect immediately.

STATEMENT

This bill reforms several important phases in the annual State budget process to make more transparent and publicly available information that is considered by the executive and legislative branches in enacting the State annual appropriations act. The bill modernizes statutes that have guided several important aspects of the process since the middle of the previous century. These include annual State revenue estimating and reporting, executive presentation of budget recommendations, revenue certification, and budget contingency planning.

This bill establishes a joint legislative and executive branch New Jersey Revenue Advisory Board to provide consensus revenue forecasting advice for State budget purposes. More than half the states (28) successfully employ a "consensus forecasting" process. A consensus process has the virtue of eliminating controversy and allows the participants to focus more clearly on the underlying budgetary issues each year. In addition, the process outlined in this bill will provide greater public input and transparency to the revenue forecast.

The New Jersey Revenue Advisory Board will consist of the State Treasurer, ex officio, the Legislative Budget and Finance Officer, ex officio, and a third public member jointly selected by the two State officials. The third public member will be qualified by education, training or experience related to State tax policy and revenue analysis. The advisory board will hold at least one public hearing during the second quarter of each State fiscal year to receive public testimony and invite participants who can provide guidance on the current conditions in, and probable outlook for the performance of, the economy of the State, as well as the effect of such conditions and such performance on State revenues. The board will adopt its advisory consensus forecasts at a public meeting held on or before January 15 of each State fiscal year and readopt or revise the advisory consensus forecast for the current and ensuing fiscal year at a public meeting held on or before May 15 of each fiscal year.

The existence of the board will encourage collaboration in formulating the professional forecasting advice given by State budget officials on State revenues. It is intended to promote agreed-upon revenue estimates as a starting point for the budget-making policy debates involving the executive and legislative branches, and encourage a more thorough and regular public discussion of State revenue estimates in advance of State budget deadlines.

The bill also requires the Governor's budget message to the Legislature to include an explanation of any difference between the Governor's revenue estimates and the board's consensus estimates for the current and next fiscal year. The budget message will also

1 be required to include for the next fiscal year for certain major
2 appropriations programs a comparison of recommended budget
3 amounts and statutorily required amounts. Also to be included for
4 two subsequent fiscal years is a comparison of all recommended
5 appropriations to appropriations projected to be required on a
6 current services basis budgeting method. Also, the revenue
7 estimates in the budget message will cover the previous fiscal year,
8 the current fiscal year, the next fiscal year, and include projections
9 for two ensuing fiscal years thereafter.

10 The bill also establishes in statute the responsibilities of the
11 Legislative Budget and Finance Officer in the Office of Legislative
12 Services and the State Treasurer to assist the Legislature's budget
13 and appropriations committees during their budget and revenue
14 hearings. After the May public meeting of the Revenue Advisory
15 Board the State Treasurer is required to appear before the
16 committees to report on any revisions to revenue estimates for the
17 current and ensuing year compared to the estimates in the budget
18 message. The State Treasurer must also report any changes in
19 appropriations recommended for the current and next ensuing fiscal
20 year compared to the recommendations in the budget message.

21 The bill also directs the Director of the Division of Budget and
22 Accounting in the Department of the Treasury, in consultation with
23 the Legislative Budget and Finance Officer and the Office of
24 Information Technology, to design, develop, and maintain a single,
25 public searchable Internet database, that contains and displays
26 information on the amounts of all appropriations recommended by
27 the Governor for the current and next ensuing fiscal year, that will
28 allow users to customize and display recommended spending for
29 budget program classifications that often appear at different
30 locations within the Governor's budget message.

31 The bill also formalizes in statute certain responsibilities of both
32 branches in revenue certifications. While the bill does not change
33 the State constitutional responsibility given exclusively to the
34 Governor to certify State revenue available to support annual State
35 appropriations, the Legislature must follow the custom of listing
36 anticipated revenues in the preamble of the annual budget bill
37 which will be considered the Legislature's recommendations of
38 revenue to support annual appropriations. The Governor shall not
39 certify the total amount of revenue on hand and anticipated to
40 balance the budget before the passage of an annual appropriations
41 bill by the Legislature. The Governor shall include with the
42 certification of revenue for the annual budget bill a contingency
43 plan describing specific action to be undertaken by the Governor or
44 the Legislature to address a potential revenue shortfall for the fiscal
45 year equal to 3% of the total appropriations approved for that fiscal
46 year plus the amount by which the certified revenues exceed the
47 final advisory consensus forecast of New Jersey Revenue Advisory
48 Board except to the extent that the difference reflects a policy

1 change made subsequent to the board's final forecast. An outgoing
2 Governor, within a 30 day period before the last day of that
3 Governor's tenure, will be required to recertify State revenue for the
4 current fiscal year and provide to the Legislature a contingency plan
5 recommending specific action to be undertaken by the next
6 Governor or the Legislature to address a potential revenue shortfall
7 for the fiscal year if the recertification so indicates.

8 The bill also improves the disclosure required for monthly and
9 annual reporting of State revenue collections. The bill brings the
10 State funds and revenues monthly reporting requirements statute up
11 to date. This reporting requirement, added to the responsibilities of
12 the Director of the Division of Budget and Accounting in 1944, was
13 last amended in 1977. The provisions of this bill will enhance the
14 current practice of monthly reporting to include the condition and
15 income of all major State funds, including prompt disclosure of the
16 State's accrued revenues as compared with anticipated revenues,
17 itemized by revenue source for major taxes. Detailed monthly
18 reporting will include collections of such accrued revenue by
19 separate components of each such major tax, including but not
20 limited to withholding and estimated payments by taxpayers of
21 gross income tax, by collection methods such as by regular periodic
22 taxpayer returns and through taxpayer compliance programs and
23 other special efforts, and tax refund payments made and refund
24 applications pending. The bill requires that the monthly report to be
25 completed and published no later than the 10th working day
26 following the end of each month, instead of at the end of the
27 following month.

28 Annual revenue reporting will also include a statement of
29 miscellaneous revenues itemized by department, major sources of
30 budgeted federal aid itemized by department, itemized information
31 on income to the General State Fund and other budgeted State
32 revenues from major dedicated and trust funds, and sales and use
33 tax collections by industry sector codes.

34 The bill also expands the reporting requirement to include the
35 Property Tax Relief Fund and the Casino Revenue Fund. The bill
36 requires that the monthly reports be transmitted to the President of
37 the Senate, the Speaker of the General Assembly, the chairs of the
38 respective appropriation and budget committees, the State
39 Treasurer, the State Auditor and posted online on the official
40 website of the Division of Budget and Accounting in the
41 Department of the Treasury for the duration of three consecutive
42 fiscal years.