

September 9, 2013

**ASSEMBLY BILL NO. 4232
(First Reprint)**

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Bill No. 4232 (First Reprint) with my recommendations for reconsideration.

This bill seeks to allow certain "pilot counties" to use the "undesignated fund balances" or "unreserved retained earnings" of county utilities authorities to fund county infrastructure projects, with such projects potentially unrelated to the water or wastewater infrastructure that is maintained by the individual utility authority.

While I support the sponsors' desire to find ways for counties to fund infrastructure projects without reliance on property taxes, this bill could unfairly burden New Jerseyans. In 2010, I signed into law the bipartisan measure that capped property tax hikes at a maximum of 2% per year, subject to limited exceptions. Enactment of "Cap 2.0" was a key first step in controlling the State's property tax burden and one of the most important early achievements of my Administration. It is imperative that we continue to limit the fiscal burdens on New Jerseyans. While this bill would advance the public policy goal of facilitating county utilities' efforts to support worthwhile infrastructure projects, it may also have the unintended consequence of increasing the burden on taxpayers through higher utility user fees.

Because the bill would permit the pilot counties to use utility funds to support other projects, I am concerned that the bill would put pressure on utilities to raise user fees or invest less in maintaining utility-related infrastructure. Imposing additional burdens on residents of this State, whether in the form of property taxes or fees, is unacceptable as we

continue to regain our economic footing. Likewise, disincentivizing the maintenance of vital utility-related infrastructure is problematic, especially when the State is continuing to recover from Superstorm Sandy. If a county wishes to fund a truly necessary infrastructure project, it should examine its own budget to appropriately prioritize spending.

Accordingly, I recommend that any arrangement that would allow counties to use utility funds for non-utility purposes should be subject to State oversight. Before a pilot county can use utility funds in the manner described in this bill, the county and the utility must apply to the Director of Local Government Services in the Department of Community Affairs and obtain his or her approval. Furthermore, I recommend that the pilot program expire after a period of four years.

I herewith return Assembly Bill No. 4232 (First Reprint) and recommend that it be amended as follows:

Page 2, Section 2, Line 34:

Delete "The" and insert "Upon application to and approval by the Director of Local Government Services in the Department of Community Affairs, the"

Page 2, Section 2, Line 36:

Delete "Legislature" and insert "Director of Local Government Services"

Page 12, Section 6, Line 25:

After "county" insert ", and only following application to and approval by the Director of Local Government Services in the Department of Community Affairs"

Page 12, Section 7, Line 28:

After "immediately" insert "and shall expire 4 years following the date of enactment"

[seal]

Respectfully,

/s/ Chris Christie

Governor

Attest:

/s/ Charles B. McKenna

Chief Counsel to the Governor