



## MUNICIPAL TAXATION AND REVENUE ADVISORY COMMITTEE

### RECOMMENDATION #2

**Cape May City Council should adopt an Ordinance to require a Fiscal Impact Statement on every proposed resolution or ordinance to be submitted by the City Manager to the City Council and published together with the introduction of such action.**

The fiscal note process provides the municipal legislative body and the general public with a description of the potential economic impact of a proposed legislation action.

The purpose of a fiscal note or impact statement is twofold:

- To avoid the possibility of the municipal budget being burdened with a new or revised program that is underfunded, or that existing resources and programs are not adversely affected by the needs of new and inadequately funded new responsibility.
- To assure the taxpayers and the general public that the adoption of civic responsibilities is done with a full measure of transparency.

Since at least 1991, the New Jersey State Legislature under the provisions of NJSA52:13B has required the Executive Branch to provide Fiscal Notes at the request of the Legislative Budget Officer. The Office of Management and Budget (OMB) is responsible for the administration of the fiscal note process for the Executive branch. Each State agency is responsible for completion of fiscal notes and associated comments and worksheets for specific proposed legislation upon request by OMB within the time frames established by law and as indicated herein.

Executive departments and authorities under the supervision of the City Manager Agencies must be cognizant of the fact that fiscal notes must play a major role in determining if an ordinance or resolution is sufficiently funded, and if enacted, what effect that action would have on existing budget and programs.

In the case of the municipal government model in Cape May, the Chief Financial Officer would function as the OMB with regard to the preparation of a Fiscal Impact Statement.