

December 1, 2017

RE: WEEKLY UPDATE

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I. State Issues:

a. **URGENT:** Tell Your Legislators It's Time to Extend the IA CAP

The League, along with a coalition of local government groups, have made clear to the Legislature the need to extend the cap on arbitration awards – but still, many Legislators say they have not heard from the mayors on this. We know that hundreds of municipalities have publicly called for the extension of the cap, but it is clear we must redouble our efforts to maintain this important protection for property taxpayers.

Trenton needs to hear directly from you on the critical need for the common sense extension of the 2% cap on interest arbitration awards. In 30 calendar days, the cap will expire, along with over 100 police and fire contracts. With this deadline looming, local officials' voices must be heard in Trenton. If the cap is not extended it will be local leaders, not the special interest groups or State elected leaders, facing the dilemma of funding an unelected third party arbitrator's award under the state-mandated 2% levy cap.

In addition, to personally contacting your State representatives on the urgent need for the 2% cap on interest arbitration awards, please contact the following:

- Senate President Sweeney at 856-251-9801 or SenSweeney@njleg.org
- Senate Republic Leader Kean at 908-232-3673 or SenKean@njleg.org
- Assembly Speaker Prieto at 201-770-1303 or AsmPrieto@njleg.org
- Assembly Republican Leader Bramnick at 908-232-2073 or AsmBramnick@njleg.org
- Assembly Speaker-Designate Coughlin at 732-855-7441 or AsmCoughlin@njleg.org
- Governor Christie at 609-292-6000
- Governor-Elect Murphy (Transition office) 609- 292-4075

The League continues to work closely with the Conference of Mayors and the Association of Counties to extend this proven tool to curtail property tax increases. The evidence and facts are clear and unambiguous. The 2% interest arbitration cap has proven to be an effective tool to

curtail property taxes. For more information on why the interest arbitration cap should be extended, please see the resources listed below.

Resources:

- [Please click here](#) for the League's 2% IA cap page. Please [click here for the League's Town Crier](#) blog post on this issue.
- Editorial boards across the State support our call to extend the interest arbitration cap. To read these, please see the [League's 2% IA cap page](#).

Contacts:

Michael F. Cerra, Assistant Executive Director, mcerra@njslom.org, 609-695-3481 x120. Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481 x112.

b. Bill to Permit JIFs to Invest Advances

Yesterday, [A-4234/S-2663](#) was amended and unanimously released from Assembly Financial Institutions and Insurance Committee. This legislation would permit both local unit and board of education joint insurance funds (JIFs) to invest money held in the fund in bonds, notes, and other obligations issued by an agency or corporation of the federal government or any government entity in New Jersey, with certain fiscally responsible limits. It will also permit the local unit and board of education JIFs to amend their respective risk management plans to form joint cash management and investment programs.

JIFs have different cash flow needs than local governments and boards of education, and currently are very limited on how they can invest their funds. This legislation would permit JIFs to take a conservative approach to investing while adding competitiveness to the municipal bond market.

The League supports this legislation, as we adopted Conference Resolution 2016-09 that called for legislation to permit JIFs to invest in debt obligations of any governmental entity and create a joint investment and cash management program, further increasing investment income.

The bill now awaits consideration by the Assembly Appropriations Committee.

Contact: Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481 x112.

c. Two Items of Interest on Local Government Investments

Changes to Local Government Investments in Certain Municipal Debt Obligations

Effective immediately, the Division of Local Government Service has authorized local governments to invest in notes issued by New Jersey municipalities, counties, fire districts, and boards of education without prior approval from the Division of Local Government Services, so long as such investments are incorporated into a cash management plan. Please note, Division

approval is still required for investing in any other types of notes not expressly authorized for investment. For more information please see Local Finance Notice 2017-24. We suggest you review this with your Chief Financial Officer and finance professionals.

CY 2018 Municipal Budget Cap Information

Recently the Division issued [Local Finance Notice 2017-22](#) addressing issues related to CY 2018 Municipal Budgets. We would note that the appropriation cap is 2.5% unless the governing body passes a COLA ordinance increasing the cap to 3.5%. In addition, there will be no group health insurance cap exclusion this year, as the State Health Benefits increase for 2018 is 0%. We suggest that you review the Local Finance Notice with your Chief Financial Officer.

Contact: Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481 x112.

d. Department of Agriculture Publishes Beekeeping Rules

Recently, the Department of Agriculture published proposed rules concerning hobbyist beekeeping activities. These rules come about as a result of three laws enacted in 2015 which preempted municipal authority to regulate beekeeping activity. The Department, now with the sole authority to regulate beeping activity, has consulted with the League and various NJ beekeeping associations to draft these proposed rules. You can view these proposed rules, [here](#).

Comments on these rules are due by January 19, 2018. The League is working with stakeholders to review these proposed rules and we anticipate submitting comments highlighting the importance of these regulations and voicing certain concerns. We encourage you to review these proposed rules and if you have any comments or concerns which you would like to bring to our attention, please feel free to contact us.

Contacts: Frank Marshall, Esq., League Staff Attorney, fmarshall@njslom.org, 609-695-3481 x137.

II. Federal Issues

a. Congress Back to Work with Deadlines Looming

On Monday, Congress returned to Washington, facing deadlines, both real and self-imposed. Spending authority for all government agencies and programs is set to expire on December 8. The Children's Health Insurance Program (CHIP) was allowed to sunset on September 30; and, while New Jersey officials have indicated that our State's program is safe during the current Fiscal Year, if Washington intends to preserve its commitment to children's health, the federal program still needs to be reauthorized. The National Flood Insurance Program (NFIP) also awaits reauthorization. The National Security Agency's (NSA) warrantless surveillance authority is set to expire on December 31. Young adults, who arrived in this country as children, including some serving in the military, await action on the Deferred Action on Childhood Arrivals (DACA) program. The future of federal health insurance subsidies for low-income families and

individuals may, or may not, be tied to tax reform. And that issue – tax reform – remains the top priority for the Administration and Congressional leaders.

On Tuesday, on a straight party-line vote, the Senate Finance Committee released its version of tax reform. Senator Bob Corker of Tennessee, who fears the bill's impact on the deficit, voted for the legislation based on a promised amendment that would trigger a roll-back in tax rate cuts if the sponsors' economic growth projections fail to materialize. Likewise, Senator Ron Johnson of Wisconsin voted for the measure, based on the belief that his concerns about the preferential treatment given to corporate entities will be addressed by a floor amendment.

A promise to open a large part of Alaska's Arctic National Wildlife Refuge to drilling seems to have won Senator Lisa Murkowski's support for the tax reform bill. And Maine's Senator Susan Collins seemed to be supportive, having won a guarantee from the President that he would support the reinstatement of Affordable Care Act 'cost sharing' subsidies to companies that provide low-cost health insurance to low-income families and individuals.

On Thursday, however, the Senate Parliamentarian determined that an automatic tax rate increase trigger would violate Senate rules. Without further changes to the bill, designed to reduce its impact on the deficit, Senator Corker and Senator Jeff Flake of Arizona oppose passage. Adoption of the Johnson amendment would add to the deficit. An amendment sponsored by Senators Marco Rubio of Florida and Mike Lee of Utah would give corporations less of a tax cut than that contained in the Senate bill, in order to pay for an expanded child care credit for poorer families. And Senator Collins still hopes to preserve a local property tax deduction, up to a \$10,000.00 cap.

Needing to negotiate amendments, in order to ensure passage, Senate Majority Leader Mitch McConnell of Kentucky postponed further debate until some time, today.

As it currently stands, the Senate bill would repeal all State And Local Tax (SALT) deductions. (The House bill eliminates income and sales tax deductions and caps the deduction for local property taxes at \$10,000.00.) The Senate bill retains the tax exemption on interest earned on most Private Activity Bonds (PABs), excepting those used to finance the construction of sports arenas and stadiums. These bonds are used to finance economic development projects, affordable housing, and non-profit hospitals. (The House bill eliminates the tax exemption, entirely.) Both bills would eliminate advanced refunding bonds, which are used, under favorable market conditions, to take advantage of reduced interest rates and in turn, save local taxpayer money. The Senate bill retains the Student Loan Interest Deduction, which the House bill would repeal. The Senate bill retains the Medical Expense deduction, which the House bill would repeal. And the Senate bill retains the Mortgage Interest deduction on Second Homes, which the House bill would repeal.

The House has already passed its bill. The preceding analysis reflects the status of the Senate bill, as of Thursday, when the bill and a laundry list of amendments, were being debated on the Senate floor.

If and when the Senate passes a bill, the House can either pass an identical bill (And, given the complexity of Senate negotiations, and the positions already taken by many in the House, that now seems highly unlikely.) or request the convening of a Conference Committee to address differences between the two alternatives. We will do our best to keep you posted.

Once we see what the Senate produces, we will again ask you to contact your representatives in Washington to urge their support for municipal priorities.

Contact: Jon Moran, Senior Legislative Analyst, jmoran@njslom.org, 609-695-3481 x121.

III. League Conference Follow Up

a. Claim Your CEU's from the Annual Conference

Attention Municipal Officials! Do Not Forget to Claim Your CEU's from the 2017 NJLM Annual Conference! Please click on the following link to claim your credits:
<https://nj-njslom.civicplus.com/339/Continuing-Education-Unit-CEU-Tracking-S> .

b. The Conference App is Still Available!

Misplaced your printed Session or Exhibitor Program Guide? The app can still be downloaded in your app store to reference session details or view contact information for participating consultants and exhibitors. The app will be available for download through the end of this calendar year and remains available for accessing on your device as long as it is installed.

c. Exhibits at the Annual Conference

Don't forget to follow up with the exhibitors you met during the Annual Conference! They're available to answer your questions and provide solutions to your town's issues. The full listing with contact information is available on the [interactive floor plan](#) and the mobile app.

IV. Also of Interest

a. December Grants Posted

The League's December grants page has been posted and includes links to several federal funding opportunities. [Click here](#) to visit the Grant Resource Center.

The League's Grant Resource Center features links and resources to assist municipalities in their grant search.

Looking for a database of grants? Through a partnership with GrantStation, League members may sign up for a discounted membership to use their funding databases. Reserve through NJLM for up to 85% off! [Click here](#) for more information.

Contact: Taran B. Samhammer, tsamhammer@njslom.org, 609-695-3481 x124.

Sincerely,

Michael J. Darcy, CAE
Executive Director