

January 8, 2016

RE: Weekly Policy Update

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Dear Mayor:

- I. Final Voting Sessions for 216th Legislature on Monday

Voting sessions are scheduled for the General Assembly and State Senate on Monday, which will conclude the 2014-2015 Legislative Session. The 217th Legislature (2016-2017 session) convenes at 12 noon on Tuesday. The Governor's State of the State is scheduled for 3 pm on Tuesday as well.

The following bills of interest are likely to see action on Monday.

Regulation of Residential Rentals

Yesterday, in a narrow 22-16 vote, the State Senate approved S-3277, a bill to reinstate municipal authority to annually inspect residential rental properties. The Assembly companion, A-4764, is scheduled for a vote before the General Assembly. The Senate bill passed along mostly party lines. It is unfortunate that legislation that enjoys broad bipartisan support at the local level may be falling along party lines in Trenton.

Thus, we urge you to contact your Assembly representatives before Monday and ask them to support A-4764. Additionally, we would further urge you to contact the Governor's office at 609-292-6000 and ask that when S-3277/A-4764 is sent to his desk, that he sign it into law to restore the authority of municipalities to exercise this critical public safety and welfare function.

The League strongly supports these bills, which are sponsored by Assemblyman John Burzichelli and Senator Nilsa Cruz-Perez. For more on this legislation, please click [here](#).

Contacts: Michael Cerra, Asst. Executive Director, mcerra@njslom.org or 609-695-3481 x120

Ed Purcell, Esq, Staff Attorney, epurcell@njslom.org or 609-695-3481 x137

Hospital Tax Exemption Expected to Move

Legislation, opposed by the League, that would fundamentally alter the responsibilities of non-profit hospitals seeking to qualify for an exemption from the property tax, will likely pass both houses on Monday and be sent to the Governor. By way of background, a recent tax court decision, *A.H.S. Hosp. Corp. v. Town of Morristown*, invalidated a non-profit hospital's property tax exemption due to the intermingling of for-profit and non-profit activities on exempt property. Under existing law, such intermingling of for-profit and non-profit uses are prohibited.

In part, the proposed legislation (S-3299/A-4903) would exempt all acute care hospital properties owned by non-profits incorporated in New Jersey. It also extends that exemption to any for-profit medical service activity which takes place on that property. In effect, non-profits that act as real-estate holding companies will provide a property tax exemption benefit for the for-profit activities which take place on their properties. The legislation also imposes an initial \$2.50 per bed per day community contribution that host municipalities can use to pay for emergency services or to "reduce the property tax levy." Municipalities that host satellite emergency care facilities will receive \$250 per day.

The League sympathizes with the purpose of this legislation and appreciates that some amendments do address concerns raised by the League, including the need for inflationary adjustments. However, this legislation raises a number of concerns related to its constitutionality and the reasonableness of the community contribution fee amount.

Please contact your State Senator and Assembly representatives and urge them to oppose S-3299/A-4903. We further suggest that municipalities that host one of 62 non-profit hospitals in the State contact the Governor's office at 609-292-6000 to express your opinion on this legislation and any concerns and objections.

Contact: Michael Cerra, Asst. Executive Director, mcerra@njslom.org, 609-695-3481 x120.

Spill Act Amendments Poised to Advance

On Thursday, the Senate approved, by a vote of 26-11, SCS for S-444 and S-2419. This legislation would protect public entities, municipalities and sewerage authorities from being dragged into environmental lawsuits through contribution claims, because it would cover contribution claims based upon other legal causes of action in addition to the Spill Act, such as strict liability, nuisance, trespass and negligence. This legislation clarifies the original intent of the New Jersey Spill Compensation and Control Act to specifically state that any domestic, commercial, or industrial wastewater, sewage, or sewage sludge expelled or released from a public sewer system or a public sewage treatment plant, are exceptions from the Spill Act. The League supports this legislation.

The Assembly companion legislation, A-1779, is scheduled for an Assembly vote on January 11. For more on this bill, please [click here](#).

Please contact your Assembly representatives and ask their support for A-1779. Additionally, we would further urge you to contact the Governor's office at 609-292-6000 and ask that when S444/A-1779 is passed and sent to his desk, that he sign it into law to provide protection to taxpayers.

Contact: Mike Cerra, mcerra@njslom.org, 609-695-3481 x120.

II. Thursday, January 7 Session Day Recap

Expensive Amendments Force League Opposition to Bill Before the Governor

When first considered by the Senate in October, S-316, which increases flexibility, clarity, and available tools of optional municipal consolidation process, was acceptable. Based on subsequent Assembly Floor amendments, however, the League of Municipalities has withdrawn its support and now opposes enactment of the legislation, which has reached the Governor's Desk.

As introduced at the outset of the current Legislative Session, the bill was intended to increase flexibility and provide new tools that would be available to municipalities considering consolidation. At that time, the sponsor accepted amendments offered by the League. Those amendments were designed to ensure better informed voter participation in the process. Based on those amendments, we were happy to be able to support the bill, as originally approved by the Senate on a 38-0 vote.

But the recent Assembly Floor amendments will actually limit local flexibility, increase consolidation costs and, thereby, discourage future consolidations. Specifically, new Sections 3. e., f. and g. of the bill grant tenure, continued employment and terminal leave rights to select employees of consolidating municipalities. Further amendments would prevent emergency appropriations needed to support the work of certain consolidation committees. Based on the inclusion of those cost-drivers in the bill, we expressed strong opposition to passage of S-316.

Yesterday, however, on a vote of 33-3, with four abstentions, the Senate concurred with the Assembly and sent the act to the Governor. We thank Senators Cardinale, Doherty and Oroho for objecting to this seriously flawed bill.

Please contact the Governor's Office at 609-292-6000 and ask that he veto S-316.

Contact: Jon Moran at 609-695-3481, ext. 121 or jmoran@njslom.org

Senate Committee Stops Police Body Camera Mandate

Yesterday in Trenton, in agreement with the League's opposition, a motion to release S-2399 was defeated (2-3) in the Senate Law and Public Safety Committee. This bill would require all law enforcement officers to wear body cameras. We appreciate the underlying intent of the bill, and note that many jurisdictions have already equipped their officers with cameras. However, the cost of these cameras, coupled with maintenance costs and the costs to retain the video can be significant.

The legislation provides a funding source (the forfeiture fund), and we thank the sponsors for asking the Office of Legislative Services to provide a Fiscal Note on the bill's potential impact. Based on that OLS analysis, we doubt that forfeiture fund is now, or ever will be, sufficient to meet the costs for compliance with this mandate.

That analysis noted that an independent report prepared for the U.S. Department of Justice indicated initial, up-front, costs of between \$800 and \$1,200 for each camera. Further, the report found that many police executives attributed the most expensive aspect of a body-worn camera program to data storage. Additionally, the report indicated that administering a body-worn camera program requires considerable ongoing financial and staffing commitments.

Finally, the OLS analysis noted that, “A Council on State Mandates complaint filed by Deptford Township cited that if Deptford Township purchased body cameras it would cost \$63,483, or \$947.50 per officer, for the first year.”

Based on OLS numbers, the League estimated that, in a best case scenario, full dedication of \$6 million from the forfeiture fund, to only local (and not State) law enforcement officers would provide less than \$250 per officer. Accordingly, the legislation, as drafted, would be an unfunded state mandate, in violation of the New Jersey State Constitution, Article VIII, Section II, paragraph 5.

We are grateful to Senators Bateman, Holzapel and Sacco for objecting to this expensive proposition.

Contact: Jon Moran at 609-695-3481, ext. 121 or jmoran@njslom.org

Public Hearings Held on Constitutional Amendments

Also in Trenton, public hearings were held on several proposed constitutional amendments.

The League supports ACR-1, sponsored by Assembly Speaker Prieto. This proposal would ask the voters to amend the State Constitution to dedicate all State revenues from motor fuels and petroleum products gross receipts tax to transportation system. ACR-1 does not propose an increase in either the gas tax or the petroleum tax. Rather, it proposes the dedication of all the revenues of each to the Transportation Trust Fund (TTF), including the current \$0.03 portion of the petroleum tax that is not currently dedicated for transportation. Any future increase in either, assuming ultimate passage, would then also be dedicated. ACR-1 does not include a formula for disbursement of the funding, thus the allocation of revenues to local governments would be determined on annual basis. The League supports ACR-1. ACR-1 is scheduled for consideration by the full Assembly on January 11. The senate companion, SCR-190 sponsored by Senator Sacco, has not yet had a hearing.

ACR-2 proposes a constitutional amendment to allow Legislature to authorize by law the establishment and operation of casinos in certain counties. Specifically, ACR-2 would authorize the establishment and operation of 2 casinos located in two different counties outside a radius of 75 miles from Atlantic City. For the first 16 State Fiscal Years (SFY) 35% of the State’s share of revenue from the operation of the two casinos will be dedicated to Atlantic City for the purpose of recovery, stabilization or improvement of Atlantic City, 2% to thoroughbred and Standardbred horsemen program, and the remaining 63% will be split 48% to the State and 52% to state aid to each municipality and county in the State for programs and property tax relief for senior citizens and disable residents. Over the next 10 SFY, aid to Atlantic City will decrease by 1.5% while increasing the 63% by 1.5%. Thereafter 20% of the revenue will be

dedicated to Atlantic City. ACR-2 is scheduled for consideration by the full Assembly on January 11. At this time there is no senate companion.

ACR-3/SCR-184 proposes a constitutional amendment to require State payments to State-administered retirement systems and establish a Constitutional right of public employees to pension benefits. It further provides for enforcement of funding obligations and benefit rights. Beginning July 1, 2017 the State would be required to make a payment of at least 4/8ths of full required pension contribution. The payments will increase by 1/8th each year until a full contribution will be required in July 1, 2021. In addition, the State would be required to make their contributions on a quarterly basis on August 1, November 1, February 1 and May 1 each year. The measure is before the full Assembly and Senate for consideration on January 11.

ACR-4/SCR-188 proposes a constitutional amendment to change membership of the Legislative Apportionment Commission. It also imposes certain requirements on that commission for process and legislative district composition. The Legislative Apportionment Commission meets every ten years after the federal national census to establish the legislative districts in New Jersey. ACR-4 would increase the membership of the Apportionment Commission from 10 to 13 members, based on ethnic and racial diversity, in addition to the already required geographical diversity.

The Appropriation Commission would be required to hold at least 3 public hearings, provide information to the public and accept district plans and comments from the public. The vote establishing legislative districts would be required to take place at a public meeting with a public comment period.

Finally, ACR-4 would prohibit creating a plan in which more than half of the districts favor either major political party and would require that at least 25% of the districts be competitive. It would also require communities of interest within districts be preserved. Communities of interest have been defined by ACR-4 to mean a geographically contiguous population sharing common interests relevant to the legislative process such as trade areas, communication and transportation networks, media markets or social, cultural or economic interest. The measure is before the full Assembly and Senate for consideration on January 11.

Bill Modernizing Form of Disbursement for Certain State and Local Government Payments heading to Senate

S-1033/A-2925, which would permit the modernization for the form of disbursement for certain State and local government payments, was amended by the Senate Budget and Appropriation Committee yesterday and is scheduled before the full Senate on Monday.

As amended, S-1033/A-2925 would permit a governing body to adopt a policy by ordinance to pay claims thorough the use of one or more standard electronic fund transfer technologies instead of the use of signed checks. The amendments would define “standard electronic fund transfer technologies” to include, but be not limited to, wire transfers, automated clearing house (ACH) transactions and debit cards.

Furthermore, as amended, S-1033/A-2925 would provide protections for the necessary internal controls by requiring the adoption of a policy by ordinance. It would further require that the ordinance explicitly list the forms of standard electronic fund transfer technologies that may be used by that local unit and the ability to limit the circumstances when electronic fund transfer may be used. In addition, as amended, S-1033/A-2925 would require that the Chief Financial Officer be responsible for the oversight and administration of the disbursement policy of the program including implementing internal controls to ensure safe and proper use of the system and mitigate the potential for fraud and abuse.

The League supports S-1033/A-2925, as amended, as it would provide municipalities with the ability to choose to use contemporary payment procedures.

Contact: Lori Buckelew at 609-695-3481, ext. 112 or lbuckelew@njslom.org

III. Superstorm Sandy Loan Application Process Reopened.

The U.S. Small Business Administration (SBA) has announced it has reopened the filing period for survivors in all states affected by Superstorm Sandy to apply for low-interest disaster loans. The recently approved Recovery Improvements for Small Entities (RISE) After Disaster Act of 2015 gives the SBA Administrator the authority to make disaster loans for Superstorm Sandy for a period of one year.

<https://www.sba.gov/content/hurricane-sandy-reopening>

IV. Video Explains League Services

Learn about the great services offered by the League is this 3 minute video on the League’s YouTube channel or website. More in-depth information on each of the League’s services is also available at the League website.

V. IRS Extends Deadlines for 1094 & 1095 (ACA Reporting)

On December 28, 2015, the IRS extended the due dates for new health care information reporting forms in 2016. Insurers, self-insuring employers, other coverage providers, and applicable large employers, generally those with 50 or more full-time employees, now have additional time to provide health coverage information for 2015 to the IRS and individual taxpayers. IRS Notice 2016-4 extended the deadline for Form 1095 from February 1, 2016 to March 31, 2016. The deadline for Form 1094 from March 31, 2016 to June 30, 2016 for electronic filers and February 29, 2016 to May 31, 2016 for paper filers. The IRS is prepared to accept filing of the information returns beginning in January 2016. Employers and insurers are encouraged to provide the forms to individuals and file the reports as soon as possible.

The IRS has created a Question and Answer about Health Care Information Forms for Individuals (Forms 1095-A, 1095-B, and 1095-C) page available at www.irs.gov/Affordable-Care-Act/Questions-and-Answers-about-Health-Care-Information-Forms-for-Individuals.

We recommend that, if applicable to your municipality, your Chief Financial Officer review this notice with your auditor.

Sincerely,

Michael J. Darcy, CAE
Executive Director