

June 24, 2015

Re: Legislative Update

- I. Legislature Takes Action on State FY 2016 Budget**
- II. OPRA/OPMA pulled from agenda**

Dear Mayor:

I. Legislature Takes Action on State FY 2016 Budget

On Tuesday, along partisan lines, the Assembly Budget Committee and the Senate Budget and Appropriations Committee released a number of bills designed to raise additional revenues. Also advanced was the FY 2015-2016 Appropriations Act, which would use those revenues to increase funding for State pension payments (\$1.8 Billion), for higher education (\$26 million), for family planning centers (\$7.5 million) and for the restoration of the Earned Income Tax Credit to 25% of the Federal level (\$61 million).

Major revenue raisers include a four-year increase of the income tax rate on earnings over \$1 million. The current top rate of 8.97% is applied to all earnings over \$500,000. The legislation advanced on Tuesday, which is scheduled to sunset in four years, would impose a 10.75% rate on earnings over \$1 million and is projected to raise \$688 million annually. Another proposal would raise the corporate tax rate from 9% to 10.5% for one year and would produce an estimated \$435 million for the State's FY 2016 budget. The proposed Appropriations Act also relies on more optimistic tax collection expectations in the current and the upcoming Fiscal Year, than those projected by the Treasury Department.

At the League's request, a provision in the State budget dealing with the Division of Local Government Services' ("the Division") Best Practices Inventory was modified to clarify the criteria that can be used, by the Division, to reduce a municipality's Consolidated Municipal Property Tax Relief Aid (CMPTRA).

As indicated in our April 1 letter (<http://nj-njslom.civicplus.com/Archive.aspx?ADID=363>), the Governor's proposed budget continues to shift CMPTRA funding to the Energy Tax, resulting in "flat" net Energy Tax/CMPTRA funding. No changes were made to this proposal by the Legislature on Tuesday. Also see our March 24 letter (<http://nj-njslom.civicplus.com/ArchiveCenter/ViewFile/Item/356>) for further detail on municipal priorities in the State's spending plan. Nothing has been done by the Legislature to alter most of the information contained in that letter. The only change affecting municipal finances is the insertion of a provision that would provide some help to Meadowlands Adjustment Aid towns.

Both Houses are expected to vote on the bills on Thursday, at which point they will be sent to the Governor. It is anticipated that the Governor will: 1) veto the revenue raisers; 2) use his power to certify State revenues to reduce anticipated collections for the current and upcoming Fiscal

Years; and 3) use his line-item veto power to eliminate, from the Appropriations Act, several of the proposed increased appropriations.

Contact: Jon Moran, jmoran@njslom.com or 609-695-3481 x121.

II. OPRA/OPMA pulled from agenda

Also on Tuesday, the proposed amendments to OPRA and OPMA ([S-781](#) and [S-782](#)) were pulled from the Senate Budget and Appropriations Committee agenda after it was clear that the bills did not have the votes to advance. Senator Weinberg, who is the primary sponsor of both bills, singled out the League in her comments before the committee, claiming that the League was a “bad partner,” that did not negotiate in good faith and put out “misinformation.” Her comments, as well as the League’s response are included in this Advanced Media article: www.nj.com/politics/index.ssf/2015/06/weinberg_slams_lobbying_group_for_tanking_nj_public.html#incart_river

The New Jersey Association of Counties and the School Boards Association also opposed the legislation, but only the League was mentioned by the Senator.

The League’s objections to this legislation have been consistent, documented and are summarized in this June 9 letter: <http://njslom.civicplus.com/ArchiveCenter/ViewFile/Item/312> (Please note that the #2 objection in that letter was likely to be addressed per a committee amendment) The League continues to oppose these bills due to the prevailing attorney fees language, the subcommittee requirements, which were to be amended, and the exemption of the legislature from OPRA and OPMA.

Please also note that the Senator argues that the League opposes these bills because they subject the League to its provisions. As noted in the article, the League is already subject to OPRA.

Contact: Lori Buckelew, lbuckelew@njslom.org or 609-695-3481 x112.

We will keep you posted on further developments.

Very truly yours,

William G. Dressel, Jr.
Executive Director