

January 26, 2018

**RE: WEEKLY UPDATE**

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Dear Mayor: **I.**

**State Issues**

**a. PFRS Takeover Legislation Before Senate Committee**

On February 1, the Senate State Government will be considering [S-5](#), which transfers the management of Police and Fire Retirement System to a Board of Trustees of PFRS. This legislation would disproportionately shift control of the Police and Fire Retirement System (PFRS), from balanced labor-management control, to a union-dominated (7-5) decision-making structure. PFRS is not like a 401K. Rather, it is a defined benefit program. Employees' contribution rates are fixed at 10% of their salary; while the employers' contribution rates are based on the fund's needs and performance using actuary reports. Currently, employers pay 27.35% of the employees' salaries. In its current form, the bill will allow public safety union members and retirees to enhance their own benefits; while forcing their public employers and New Jersey taxpayers to assume a disproportionate amount of the risk.

The legislation gives the labor-management board, at its discretion, and at such time and manner as it determines, the ability to:

- Enhance any benefit set forth in N.J.S.A. 43:16A-1 et seq.; and
- Modify any such benefit as an alternative to an increase in the member contribution rate; and
- Reinstate, when appropriate, such reduced benefit to the statutory level without an additional contribution by the member.

This could lead to dramatic property tax increases or drastic cuts to vital services.

The League, along with the New Jersey Conference of Mayors and the New Jersey Association of Counties, opposes the bill for the reasons outlined above. **We urge you to communicate your concerns with your Legislators and the Members of the Senate State Government Committee. They are: Senator Beach (Chair), Senator Turner (Vice Chair), Senator Brown, Senator Cruz-Perez and Senator Thompson.**

**Contacts:**

- Michael F. Cerra, Assistant Executive Director, [mcerra@njslom.org](mailto:mcerra@njslom.org) or 609-695-3481 x120.
- Lori Buckelew, Senior Legislative Analyst, [lbuckelew@njslom.org](mailto:lbuckelew@njslom.org), 609-695-3481 x112.

### **b. 2% Interest Arbitration Cap**

As you know, despite strong bipartisan, statewide support from municipal and county officials, the State Legislature failed to act, before the December 31 sunset, to extend the 2% cap on interest arbitration awards. We noted to you before that this is not without precedent, as the cap was allowed to expire for approximately 10 weeks before it was renewed in June 2014. But this does mean that until the cap is renewed, any contracts that expire going forward are not subject to the 2% cap on interest arbitration.

The renewal of the cap remains the top legislative priority of the League, and we are working closely with our partners at the New Jersey Association of Counties, the New Jersey Conference of Mayors and in the business community to extend the cap permanently.

As the new Legislature begins its work, we will share with you, in the upcoming days and weeks, sample resolutions and letters for Governor Murphy, Senate President Sweeney and Assembly Speaker Coughlin. **Contacts:**

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

### **c. Division Issues Guidance on Refunding Advance Property Tax Payments**

On January 18, the Division of Local Government Services issued [Local Finance Notice 2018-04](#) regarding the refunding of 3rd and 4th Quarter 2018 Property Tax Payments, which were made on or before December 31, 2017. The Division issued the Local Finance Notice after consultation with the Attorney General's Office. We strongly suggest you review this Local Finance Notice with your chief financial officer, tax collector, municipal auditor, and municipal attorney. For more on this Local Finance please see our recent [blog post](#).

**Contact:** Lori Buckelew, Senior Legislative Analyst, [lbuckelew@njslom.org](mailto:lbuckelew@njslom.org), 609-695-3481 x112.

### **d. UEZ Extension/Reauthorization Bill Advances**

On Thursday, the Senate Economic Growth Committee approved [S-846](#), which will extend the Urban Enterprise Zone (UEZ) designation for participating municipalities for another 10 years. The League supports this extension, which will encourage businesses to continue to invest in those communities. Municipalities that host UEZs have higher than average unemployment rates, lower than average per capita and household incomes, and the vast majority are also home to high percentages of tax-exempt properties.

The bill, sponsored by Senator Shirley Turner, will now head to the Senate Budget and Appropriations Committee. To read more, please see our [blog post](#).

**Contact:** Jon Moran, Senior Legislative Analyst, [jmoran@njslom.org](mailto:jmoran@njslom.org), 609-695-3481 x121.

### **e. Division Issues Guidance on Budget Submissions**

On January 25, the Division of Local Government Services issued [Local Finance Notice 2018-05](#) regarding CY2018 budget submissions. Acknowledging time constraints, the Division will permit CY 2018 municipal budgets to be introduced on paper. Budgets will be required to be entered into the FAST Portal by the time of adoption by the governing body, or by the State's statutory adoption deadline of April 20th (or the next regularly scheduled meeting thereafter). However, those municipalities under Division of Local Government Services review will be required to submit a simultaneous paper copy. We suggest you review this Local Finance Notice with your chief financial officer.

**Contact:** Lori Buckelew, Senior Legislative Analyst, [lbuckelew@njslom.org](mailto:lbuckelew@njslom.org), 609-695-3481 x112.

### **f. Variety of Executive Orders Issued by Governor Murphy**

Last week, we informed you about two executive orders issued by the Governor (see, [here](#)). Since then, the Governor has issued another four executive orders on a variety of different issues. To read more about these newly issued executive orders please see the League's recent blog post, [here](#).

**Contact:** Frank Marshall, Esq., League Staff Attorney, [FMarshall@njslom.org](mailto:FMarshall@njslom.org) or 609-695-3481 x.137.

### **g. Court Rules Draft Meeting Minutes Exempt From OPRA**

We would like to make our members aware of a published Appellate Division opinion issued today concerning the disclosure of draft minutes under the Open Public Records Act.

In [Libertarians for Transparent Government v. Government Records Council](#), the Court held that draft minutes prepared for a public body's approval and adoption are **NOT** required to be provided in response to a request under OPRA. The Court found that draft minutes fall under the, "advisory, consultative, or deliberative material" exemption to OPRA disclosure.

You should review today's decision with your municipal attorney for more information on the impact it will have on your town. This information should also be shared with your municipal clerk and records custodian.

**Contact:** Frank Marshall, Esq., League Staff Attorney, [FMarshall@njslom.org](mailto:FMarshall@njslom.org) or 609-695-3481 x.137.

## **II. Federal Issues**

### **a. Booker Backed ‘Investment in Opportunity Act’ Now Law**

In 2017, our own Senator Cory Booker, along with South Carolina’s Senator Tim Scott and others, introduced a bipartisan bill called the ‘Investing in Opportunity Act.’ The bill, S.293, was meant to amend the Internal Revenue Code to authorize the designation of opportunity zones in low-income communities and to provide tax incentives for businesses that invest in those zones, including deferring the recognition of capital gains that are reinvested in the zones.

The provisions of that bill were incorporated into H.R. 1, the major federal income tax reform bill, also known as Tax Cuts and Jobs Act, which was passed by Congress and signed by the President late last year.

Section 13823 of that Act permits a Governor to submit nominations for a limited number of opportunity zones to the U.S. Department of the Treasury (Treasury) for certification and designation. Governors are required to prioritize areas that: are currently the focus of mutually reinforcing state, local, or private economic development initiatives to attract investment and foster startup activity; have demonstrated success in geographically targeted development programs such as promise zones, the new markets tax credit, empowerment zones, and renewal communities; and have recently experienced significant layoffs due to business closures or relocations.

If a Governor fails to submit nominations by the deadline, Treasury can designate a State’s opportunity zones. The deadline, this year, is March 27. We believe the interests of our State would best be served if nominations are made by our Governor. Accordingly, we have written to Governor Murphy, suggesting that he designate Lieutenant Governor and Department of Community Affairs Commissioner Sheila Oliver to coordinate New Jersey’s nomination process.

As we learn more about the application process, we will keep you informed.

**Contact:** Jon Moran, Senior Legislative Analyst, [jmoran@njslom.org](mailto:jmoran@njslom.org), 609-695-3481 x121.

### **b. After Four Weeks of Talks, and Two Days of Shut-down, Feds Pass Three Week Budget**

The fourth, and latest, Federal FY 2018 Continuing Resolution will keep the federal government’s lights on through February 8. The deal included a six year extension of the Children’s Health Insurance Program (CHIP). It did not include a reauthorization of the National Flood Insurance Program (NFIP), nor did it deal with the Deferred Action on Childhood Arrivals (DACA) crisis.

Expect our review of the next episode in the coming weeks, as Congress attempts to pass a longterm budget or risk facing another government shutdown.

**Contact:** Jon Moran, Senior Legislative Analyst, [jmoran@njslom.org](mailto: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:

<http://nj-njslom.civicplus.com/300/Conference>.

### **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. Primer on Competitive Contracting**

Competitive Contracting provides a procurement method for specialized goods or services where price is not the only factor to consider when awarding a contract. NJLM's latest publication provides expert insight and hands-on tools on the topic. *Local Contracts Law Series #2: Primer on Competitive Contracting* by Mark Moon, Esq.; Richard Trenk, Esq.; Joseph Valenti, QPA; and NJLM's Lori Buckelew, RMC, and Frank Marshall, Esq. is filled with information about the competitive contracting process for municipal officials. The publication includes evaluation forms, sample resolutions, and procedural insights. [Order it today!](#)

### **b. New Good Neighbor Nominations**

New Jersey Business and Industry Association have opened the nomination process for their Annual New Good Neighbor Awards. It celebrates economic development in the state by spotlighting new and renovated properties. It's a great way for municipalities to promote their economic development projects at no cost. The nomination process is open until February 5. Click for details. <https://www.njbia.org/event-details/njbia-events/awards/2018-new-goodneighbor-nomination/>.

If you have any questions, contact Vincent Schweikert at NJBIA: 973-852-6230.

Sincerely,

Michael J. Darcy, CAE  
Executive Director