

December 22, 2017

RE: WEEKLY UPDATE

- I. State Issues
- II. Federal Issues
- III. League Conference Updates IV. Also of Interest

Dear Mayor:

I. State Issues

a. Final Push to Extend Important Taxpayer Protection

On Monday, the League was joined by the New Jersey Association of Counties, the New Jersey Conference of Mayors, New Jersey Chamber of Commerce, New Jersey Business and Industry Association, New Jersey Realtors Association and Assemblyman Declan O'Scanlon at a press conference urging the Legislature and Governor-Elect Murphy to support permanently extending the 2% Interest Arbitration Cap. We highlighted that an expired cap will have a negative impact on property taxes and jeopardize the continued delivery of critical services, as well as adversely impacting residential and commercial property taxpayers, working-class families, and those on fixed incomes. [Click here for more on this press conference.](#)

The press conference received significant press coverage and we provide links below:

<http://newyork.cbslocal.com/2017/12/19/new-jersey-property-taxes/>

<https://whyy.org/articles/new-jersey-towns-fear-losing-2-percent-salary-increase-cap-police-firecontracts/> <http://nj1015.com/police-fire-arbitration-cap-to-expire-but-for-how-long/>

http://www.nj.com/politics/index.ssf/2017/12/law_supporters_say_keeps_property_taxes_in_check_i.html

http://www.nj.com/opinion/index.ssf/2017/12/murphys_campaigning_for_an_office_he_already_won_m.html

Also this week, Fitch Ratings Services issued its analysis, expressing concern regarding the impact on local finances of the expiration of the cap. For a copy of their release, [please click here](#)

With only 9 days left before the 2% cap on interest arbitration awards expire, it appears that the Legislature is prepared to allow this cap to expire. But we still have an opportunity to see action before the end of the legislative term on January 8.

Here's what you can do - On January 4, Assemblyman O'Scanlon will make a motion on the floor of the General Assembly to relieve [A-2123](#) from the Assembly State and Local Government Committee and bring the bill to the floor. He did this previously in June and the motion was tabled. We would expect another motion to table this action, but **we urge you to contact your Assembly representatives and ask them to support A-2123**, bring it to the floor and vote for its approval. This may be the only opportunity for the Legislature to act and extend this proven tool to curtail property taxes.

Please contact your State representatives, the Legislative Leaders, Governor Christie, and Governor-Elect Murphy expressing the urgent need for the extension of the 2% cap on interest arbitration awards.

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. Division Issues Guidance on Certifying Compliance with Federal Civil Rights Requirements

Earlier this week, the Division of Local Government Services issued [Local Finance Notice 201727](#) to provide guidance to municipalities on implementing [P.L. 2017, c. 183](#). The notice, which includes a [model group affidavit and resolution](#), advises municipalities and counties that the governing body must certify that their hiring practices comply with US Equal Employment Opportunity Commission's "[Enforcement Guidance on the Consideration of Arrest and Conviction Records in Employment Decisions Under Title VII of the Civil Rights Act of 1964](#)". The executed group affidavit and resolution must be kept on file with the municipality, however, during the budget process, the Chief Financial Officer will be required to certify that the executed certification and resolution are on file and available for inspection. We suggest you review this Local Finance Notice with your labor attorney.

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

c. CY 2018 Budget Matters

The Division of Local Government Services recently issued [Local Finance Notice 2017-26](#), detailing CY 2018 Budget matters. We would like to note that in 2018, the Division will automate the financial reporting process, which is explained below in further detail, resulting in a streamlined process, which will eliminate the need to file a separate User-Friendly Budget. In addition, the Division has extended the budget deadlines and announced that there will be no levy cap exception for health benefits in CY 2018. For more, please read our [recent blog post](#).

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

d. Beekeeping and Apiary Standards

Previously, the League informed you about the NJ Department of Agriculture's recently published rules regarding beekeeping activity. These rules come as a result of a 2015 law which took the rare approach to preempt local ordinances and gave exclusive authority to Department of Agriculture to promulgate beekeeping standards. Following its Legislative mandate, the Department met with the League and various beekeeping associations to draft proposed beekeeping rules

For your convenience, we have prepared a blog post which outlines some of the important aspects of these proposed rules. You can view the blog post [here](#). You can also review these proposed rules in their entirety, [here](#).

The flexibility provided for in the proposed rules allows for the unique qualities of each municipality to be considered. Without adoption of these standards beekeeping activities within the state will remain largely unregulated and municipalities will continue to be powerless to provide effective regulation to ensure the health, safety, and, welfare of their residents.

If beekeeping activity is a concern in your town we urge you to review these proposed rules with your municipal attorney and submit comments to the Department. Comments on these rules are due by January 19, 2018. For further details on how to submit comments please see the rule proposal notice, [here](#).

Contact: Frank Marshall, Esq., League Staff Attorney, fmarshall@njslom.org or (609)695-3481 x.137.

II. Federal Issues

a. Federal Tax Reform Bill Moves Forward

Here is a run-down on some of the provisions in the final Conference Committee's Tax Reform bill compromise, which the House and Senate approved on Wednesday. Today the President signed this legislation into law.

On State and Local Taxes (SALT), as indicated last week, the bill rejects the Lance-Gottheimer amendment which would have kept the SALT deduction in its entirety, and instead, includes a provision that would allow taxpayers to deduct up to Ten Thousand Dollars (\$10,000.00), for combined state and local income, sales, and property taxes. The proposals that had passed in each House allowed only deductions for property taxes, up to that Ten Thousand Dollar (\$10,000.00) limit.

Also, like the Senate bill, the exemption for interest earned on private activity bonds will remain in place, along with the exemption for municipal bonds. As in both versions, however, the exemption on income derived from refunding bonds will be repealed.

The top corporate rate will be 21%, instead of 20%, but it will take effect immediately, rather than the one-year delay, which the Senate had approved.

As was included in the Senate-passed bill:

- Rather than eliminating the estate tax and the alternative minimum tax completely, exemptions for these taxes were broadened;
- The Johnson amendment, which threatens the loss of tax-exempt status of religious entities that engage in political activities, was not repealed;
- There will still be seven individual income tax brackets, instead of the three in the Housepassed bill;
- The tax cuts for individual filers will expire after eight years;
- Refundability of the child tax credit will be allowed;
- So-called pass-through businesses are given a 20% deduction on business taxes paid through their individual returns, rather than paying under special tax rates;
- The deduction for major medical expenses is retained;
- The deduction for student loan interest is retained; and
- The tax penalty for failure to secure health insurance is repealed.

The vote in the House was 227-203 and 51 to 48 in the Senate. Again, we thank Senators Cory Booker and Bob Menendez, and Representatives Donald Norcross, Frank LoBiondo, Chris Smith, Josh Gottheimer, Frank Pallone, Leonard Lance, Albio Sires, Bill Pascrell, Donald Payne, Rodney Frelinghuysen and Bonnie Watson Coleman for voting against this bill, which, by capping the SALT deduction and eliminating the exemption on refunding bonds, threatens to increase burdens born by New Jersey taxpayers and decrease statewide property values.

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

b. Broadband Deployment Advisory Committee Announces Next Meeting

Recently, the Federal Communication Commission (“FCC”) announced that the Broadband Deployment Advisory Committee (“BDAC”) will hold its fourth meeting over a two day period

on January 23 and 24, 2018. If you recall, the BDAC's goal is to identify barriers to broadband deployment and make recommendations for ways to remove these barriers. Membership of the committee is skewed heavily in favor of the telecommunications industry with very little voice given to local governments.

The skewed makeup of the Committee has resulted in local governments being inaccurately portrayed as the major barrier to broadband deployment and recommendations have been made to preempt local authority. These preemption-focused proposals, such as imposing a framework of state franchising that limits local oversight and flexibility in local fee structures, will do little to expand broadband deployment in less profitable and underserved areas. Instead, these types of proposals will only serve in allowing the industry to expand in the more profitable areas all without local oversight.

The League has been working with our national partners at the National League of Cities ("NLC") to monitor this important issue. The NLC has drafted a letter to submit to the FCC and the BDAC expressing the concerns of local governments, which we urge you to sign. You can view this letter and sign on, [here](#).

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

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. Annual League Survey

As 2017 comes to a close, we here at the League would like to know what you thought about our services provided throughout the year.

Please forward this email to your municipal staff, administration, elected and appointed officials so they can complete our short online survey.

The link for the survey is: <http://2017annualsurvey.questionpro.com>

b. Alert from the NJ Department of Agriculture – Invasive Insect and Christmas Trees The New Jersey Department of Agriculture, Division of Plant Industry requests that municipalities chip Christmas trees that are collected after the Holiday season to reduce any risk of movement of Spotted Lanternfly (SLF) egg masses. During the Holiday season, there are numerous shipments of Christmas trees into New Jersey from Pennsylvania and various other states. The Spotted lanternfly was discovered in Pennsylvania in 2014 which initiated a quarantine to restrict the movement of this invasive agricultural insect to other counties and states. Pennsylvania Christmas tree growers shipping their commodities out of the SLF quarantine zone currently follow compliance guidelines issued by the Pennsylvania Department of Agriculture. So far, there has been no observed occurrence of SLF egg masses being found on cut Christmas trees.

The Spotted Lanternfly, *Lycorma delicatula*, is a planthopper that is native to China. It feeds on many hosts and is considered an economic pest of grapes and other agricultural crops in its native range. Nymphs feed on a variety of hosts, but adults prefer the tree of heaven, *Ailanthus altissima* for feeding and oviposition and subsequent overwintering, which occurs in the egg stage. The insect naturally disperses slowly but is a prolific hitchhiker and its propensity for laying egg masses on flat surfaces. To learn more about the SLF please click [here](#).

As of November 2, 2017, SLF has been detected within 13 Pennsylvania counties: Berks, Bucks, Carbon, Chester, Cumberland, Lancaster, Lebanon, Lehigh, Monroe, Montgomery, Northampton, Philadelphia, and Schuylkill. To date, this insect has spread to Delaware and portions of the state of New York.

Please pass this information along to your public works department or any other department that should be made aware of this important issue.

c. Commemorative Event

On behalf of the New Jersey Martin Luther King Jr. Commemorative Commission we are sharing this information with you!

There will be a commemorative event on Monday, January 15 from 3PM to 5PM at the State Museum Auditorium, 205 West State Street, Trenton. The focus will be on restorative justice; there will also be a special memorial for Ms. Edith Savage-Jennings, founding member of the NJ Dr. Martin Luther King Jr. Commemorative Commission.

Admission is free. Details: 609-633-9627

Sincerely,

Michael J. Darcy, CAE
Executive Director