

June 23, 2017

RE: WEEKLY UPDATE

I. State Policy Issues

II. Federal Policy Issues

III. Annual League Conference IV. Also of Interest Dear Mayor:

I. State Policy Issues

a. State Budget Deadline Approaching; Transportation Funding

We are now a week away from the June 30 State budget deadline. It appears that there is little conflict over the majority of the proposed budget, but there are still some major issues of disagreement. While our Friday recap next week most likely will be summarizing the details of a balanced budget provided to the Governor, it does remain possible that these impasses will lead to a state shutdown.

As summarized in our Friday recap letter of June 16, Senate President Sweeney and Speaker Prieto have agreed in principle on a school funding proposal. While there has been pushback from some Legislators, it appears the Governor is seeking modifications that are agreeable to the Leadership. However, the Governor continues to advocate for a transfer of \$300 million from the Horizon Blue Cross Blue Shield of New Jersey reserves and the dedication of state lottery proceeds towards state pension obligations. The transfer of Horizon Blue Cross Blue Shield of New Jersey reserves would be to fund anti-addiction efforts but has been met with strong resistance from the non-profit itself and from some Legislators, who argue the depletion of reserves, will force rates up. This situation is very fluid and will likely play out over the course of the week.

A related issue, of particular interest to municipalities, is transportation funding. The proposed funding capital plan includes \$4 billion for FY 2018, in part funded by the increase in the gas tax, and as promised in the legislation, doubles the allocation for municipalities and counties. However, until a balanced budget is passed and signed, that funding is not yet appropriated and cannot be distributed.

Click here for the [Department of Transportation's Draft Capital Plan for FY 2018](#) on line.

[Click here](#) for a good summary of events surrounding the State FY18 budget in the NJ Spotlight June 23 story.

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

Jon Moran, Sr. Legislative Analyst, jmora@njslom.org, 609-695-3481 x121.

b. “New Jersey Library Construction Bond Act” Advances

We are pleased to report that [A-222](#), which is **supported** by the League, passed the General Assembly yesterday by a vote of 66-12. This and its Senate companion, [S-2171](#), the “New Jersey Library Construction Bond Act” would, upon voter approval, authorize the issuance of \$125 million in bonds for the purpose of the construction, reconstruction, development, extension, improvement and furnishing of New Jersey’s public libraries.

A-222 will now join S-2171 at the Senate Budget and Appropriations Committee. The League has asked that S-2171 be considered by the Budget Committee and hope to see its final advancement through the Senate next week. Please contact your Legislators and ask for their support for these two bills.

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

c. Bill Regarding Civilian Police Directors Held

The Assembly was scheduled to consider [A-3593](#), which would direct that civilian public safety directors of municipal, county, and State police departments do not have police powers. However the bill was held and not voted on after a number of questions arose regarding whether the bill was a codification of existing case law and Attorney General directives, or if it went beyond that and affected current law. It appears that A-3593 would override, [PBA North Brunswick Local 160 v. Township of North Brunswick](#), which held that when no chief of police was named all of the powers belonging to the chief under the state statute could instead be vested in a civilian Police Director, including the power to oversee of the day-to-day operations of the police force. A-3593 would remove the ability of any civilian to wield this authority and instead would vest the authority to manage the day-to-day operations of the police force solely with the highest ranking duly sworn law enforcement officer.

At this point it is uncertain whether A-3593 will be rescheduled next week. To date, there is no Senate companion.

If your municipality currently has a civilian director, we would urge you to review this legislation for its impact on your municipality and please reach out to us with your thoughts as well your Assembly representatives as soon as possible.

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

d. Update on OPRA Decision by New Jersey Supreme Court

On Tuesday, the New Jersey Supreme Court published their decision in, [John Paff v. Galloway Township \(A-88-15\(077692\)\)](#), a case which the League joined as Amicus. This decision

addressed the scope of a municipality's obligation to disclose electronically stored information in accordance with the New Jersey Open Public Records Act (OPRA).

The Court ruled against Galloway and found that government records include virtually *any* information stored or maintained electronically. This ruling broadens the scope of what is included as a government record and therefore broadens what information must be provided in response to an OPRA request. To view a more detailed discussion on this ruling please see the recent post on the League's Town Crier Blog, [here](#).

You should review this ruling with your municipal attorney to better understand the effects it will have on your response to OPRA requests. In addition, this information should be shared with your municipal clerk and other records custodians within your municipality.

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

e. 2% Interest Arbitration Cap to Expire At End of Year

In June 2014, the Legislature unanimously approved and the Governor enacted an extension on the 2% cap on Interest Arbitration awards. That extension is set to expire on December 31, 2017. While the 2% property tax levy cap will continue, the cap on Interest Arbitration awards will expire on the same day that the final report and recommendations of the Police and Fire Public Interest Arbitration Impact Task Force is due, unless the Legislature and Governor act.

The temporary 2% cap on police and fire arbitration contract awards has been an effective tool to control increasing salary costs and provide a solution to assist local governments in keeping property taxes down and cost under control. However, we recognize that this change in arbitration reform needs a longer time to mature in order to see the benefits of the legislation and its actual impact on the cost of local government budgets and the impact on taxpayers.

We urge you to pass a resolution ([pdf](#)) urging the State Legislature and Governor to extend the 2% cap on Police and Fire Arbitration Contract Awards for an additional five years, at which time the Legislature will have hard data to examine and then make a final decision as to whether this law should be made permanent.

If the cap on interest arbitration expires, while the 2% property tax levy cap remains in effect, municipalities will be forced to reduce or eliminate municipal services in order to fund interest arbitration awards.

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II. Federal Policy Issues

a. Federal Fiscal Considerations

The federal budget process can have a tremendous impact on vital programs that make our State and our municipalities strong and stable. Staying aware of the impacts of the Fiscal Year 2018 budget and working with your League and Federal representatives to respond to the proposals can ensure the best possible outcome for municipalities. The League will post analysis and information throughout the Federal budget cycle at <https://nj-njslom.civicplus.com/354/Federal-Budget>.

b. Federal Income Tax Exemption for State and Local Bonds

Recently, United States Senators Cory Booker and James Lankford introduced legislation that would end the Federal income tax exemption for state and local bonds that are issued to finance the building of professional sports stadiums. Currently, state and local governments can issue bonds that would help finance the construction of professional sports stadiums with the draw for investors purchasing these bonds being the income derived from them would be exempt from Federal taxation. The proposed legislation would eliminate this investment incentive, at least on the federal level. These bonds would still be exempt from the New Jersey income tax.

The removal of the federal tax exemption for bonds of this purpose is bound to have a chilling effect on the market. This being the case, any state or local government wanting to issue bonds to help finance the construction of professional sports stadiums would likely need to provide additional incentives to lure in investors.

We will keep you updated on any progress of this bill. To read S-1342 in its entirety please click [here](#).

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

III. Annual League Conference

a. Don't Use Unauthorized Hotel Reservation Services

Every year there are unauthorized firms soliciting housing and hotel reservations from attendees at the Annual League Conference. We assure you that the only firm authorized to handle our conference housing reservations is A.C. Central Reservations. This information is on the top of the official conference housing form sent to all municipal clerks and posted on our web site:

<http://nj-njslom.civicplus.com/302/2017-Conference>

IV. Also of Interest

a. DoD IRT Assists with Local Projects and Initiatives

The Department of Defense (DoD) has a no-cost program, Innovative Readiness Training that matches their training needs with your local program needs. The Department of Defense partners with your local programs to provide an opportunity for high quality essential training for military personnel. The training and partnerships are as diverse as medical services, construction projects, even technology related. Projects you have on hold for lack of resources and expertise can be completed with the IRT program partnership. Deadline is September 30th to submit applications for consideration. Please see additional information and get the details online at <http://irt.defense.gov/Applications.aspx>.

If you have questions, your primary contact is Colonel Mandy Birch, 703-692-5663, osd.irt@mail.mil. His secondary contact is Colonel Richard Erenbaum, 609-562-7412, richard.d.erenbaum.mil@mail.mil.

b. Application for 2017 Governor's Environmental Excellence Awards Available

The New Jersey Department of Environmental Protection (DEP) is accepting applications for the 2017 Governor's Environmental Excellence Awards (GEEA). The Governor's Environmental Excellence Awards Program is New Jersey's premier awards program for recognizing outstanding environmental performance, programs and projects throughout the state. These awards recognize individuals, businesses, institutions, communities, organizations, educators, youth and others who have made significant contributions to environmental protection in New Jersey. Since the awards program was established in 2000, 160 winners have been recognized.

Nominations can be submitted for seven different categories. In addition, the category for "Environmental Education" has been divided into two awards: one for adult-led educational initiatives and one for projects that are student-led or have succeeded due to a high level of student involvement.

The GEEA Program is sponsored by the New Jersey Department of Environmental Protection, the New Jersey Environmental Infrastructure Trust and the New Jersey Corporation for Advanced Technology, in partnership with the New Jersey State League of Municipalities.

Award winners will be honored at a ceremony in December, to be held in Trenton.

The 2017 application and other awards information is available at www.nj.gov/dep/eeawards . Completed applications must be received at DEP by September 29.

Questions – Contact Tanya Oznowich at DEP (609) 984-9802 or Tanya.Oznowich@dep.nj.gov

Sincerely,

Michael J. Darcy, CAE

Executive Director