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March 1, 2018

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Municipal Clerks: Please forward to Mayor, Governing Body and Department Heads.

I. State Issues

a. Marijuana Legalization Update

Recent published reports in various outlets indicate that the Governor, the Senate President and the Assembly Speaker have reached an agreement on the major broad strokes of legalization and regulation of adult cannabis use. It has also been reported that news of this consensus on major sticking points was leaked prematurely, as other important issues, including issues of particular interest to municipalities, are still being negotiated.

From these news reports, it appears there is an agreement on how the state would tax cannabis products. **It is our understanding, however, that while progress has been made, there remain a number of issues that still need to be worked out.**

The current legislative proposal sets the tax rate at 12%, which would include the State's current sales tax. While the Governor's office never publicly stated what it believes the tax rate should be it has been reported consistently that the Governor wanted a 25% tax rate. Now, there is an apparent agreement to instead implement a \$42 per ounce state tax on the sale of recreational cannabis. The rationale behind this new approach is that taxing cannabis sales by weight will mitigate any negative impact based on market demands and provide a steadier revenue stream to the State.

Here are some important takeaways for local officials:

- It is our understanding that there is no agreement in place on the rate of the local option tax. The current proposal includes an optional 2% excise tax on any of the 4 proposed licenses. The League continues to argue that municipalities should have the flexibility to implement a rate up to 5%. **This is still an area of negotiation.**
- It is also our understanding that issue of expungement and restorative justice is still subject to negotiation. Currently, the bill allows for the automatic eligibility for expungement of convictions for possession of 50 grams or less of marijuana. There remain concerns regarding an individual's cost of seeking expungement, which can be time-consuming, complicated and burdensome. **This too is still an area of negotiation.**

Some media accounts have suggested that a final vote could come this month. That would appear very unlikely since there are a number of outstanding issues. Further, even with an agreement in place the respective legislative caucuses would need to be briefed, votes would need to be whipped and there could be further hearings and amendments on other issues. Thus, it appears more likely that a vote could come by the end of March.

Please take action and [contact your Legislators](#) immediately and let them know your thoughts on the issue. Further, we urge you to prioritize the issues highlighted above, that is the need to increase the 2% local option tax to 5% so that taxpayers are made whole and full funding and expansion of the expungement provisions. **Your timely outreach to your State representatives can help us achieve a positive outcome for municipalities.**

[The League's November 27 letter](#) has additional details as does the [PDF of the free webinar](#) offered by the League on November 30 and the Cannabis Legalization [web page](#).

Contact: Michael F. Cerra, Assistant Executive Director, mcerra@njlm.org, 609-695-3481, ext. 120.

b. Governor Murphy Announces Earned Sick Leave Resources

The Earned Sick Leave [law](#) (P.L. 2018, c. 10), which took effect on October 28, 2018, included a 120 day waiting period before workers could take advantage of their accrued sick days. Beginning February 26 the waiting period ended. To mark the occasion Governor Murphy held a [press conference](#) and announced that more information for both employers and employees on New Jersey's paid sick leave law may be found at a newly launched [website](#). For more information on the Earned Sick Leave law please see our [May 2 blog post](#).

Contact: Lori Buckelew, Senior Legislative Analyst, lbuckelew@njlm.org, 609-695-3481, ext. 112.

c. Bill Removing Statute of Limitations on Civil Actions for Sexual Abuse Scheduled for Committee Hearing

[S-477](#), as introduced, would remove the statute of limitations on certain civil actions for

sexual abuse, including claims against public bodies, and would expand the categories of defendants liable in such actions. In its current form, the League opposes S-477. This bill is scheduled for a hearing before the Senate Judiciary Committee on March 7, 2019.

Under this bill, municipalities could be faced with the near impossible task of defending a claim of sexual abuse that may be decades old. Further, municipalities would be held to a higher standard of care that exists today but may not have existed at the time of the claim. In the case of more recent claim of abuse, the officials who may have been negligent in supervising their employees may still be in power, and thus may suffer some indirect repercussions, such as the loss of their office or employment. However, in the case of a decades-old claim of abuse, those officials, who should be called to account, are likely to be gone.

We understand that the bill will be amended or replaced by new legislation and we sincerely hope any changes addresses our concerns. We believe it is possible to craft legislation that will balance the need for victims to receive the justice and compensation they deserve and the nature of municipal governments.

We urge you to [contact your legislators](#) to ensure that any legislation on this issue ensures our concerns are addressed.

Contacts:

- Michael F. Cerra, Assistant Executive Director, mcerra@njlm.org, 609-695-3481, ext. 120.
- Jon Moran, Senior Legislative Analyst, jmoran@njlm.org, 609-695-3481, ext. 121.
- Frank Marshall, Esq., League Staff Attorney, fmarshall@njlm.org, 609-695-3481, ext. 137.

D. Governor to Deliver Budget Address

On Tuesday, Governor Phil Murphy will deliver his second budget address before a joint session of the State Legislature.

The League will provide a summary shortly afterwards and further analysis in the days and weeks ahead. The State Constitution requires the State Fiscal Year 2020 budget to be signed by July 1.

Contacts:

- Michael F. Cerra, Assistant Executive Director, mcerra@njlm.org, 609-695-3481, ext. 120.
- Jon Moran, Senior Legislative Analyst, jmoran@njlm.org, 609-695-3481, ext. 121.

II. Federal Issue

a. Federal Finance Update

The President's FY2020 budget (for the Fiscal Year that will begin on October 1) was due yesterday. According to reports, it now appears to be slated for release in installments. On March 11, we expect to see the President's budget message, top priorities, and summary tables. The remaining materials, including proposed spending cuts, detailed budgets for each agency, and the analytic perspectives document, including the economic assumptions underlying the plan, will be released the following week. Technically, the White House is mandated to submit a budget proposal to Congress by the first Monday in February, but the 35-day shutdown delayed the scheduled release.

The US Treasury will hit the legislated debt ceiling tonight, at midnight, and Secretary of the Treasury Steven Mnuchin will need to resort to extraordinary means to allow the government to meet its obligations. In anticipation of this development, and in order to conserve cash when the current debt limit suspension expires at midnight, the Bureau of the Fiscal Service announced, last Friday, the suspension of the purchase of state and local government securities (SLGS). The suspension could last for weeks, or even months as one of the extraordinary measures Treasury is expected to take before Congress decides to act on the debt limit.

SLGS are typically purchased by state and local governments and other entities that issue tax-exempt municipal bonds in order to ensure compliance with IRS yield restrictions and arbitrage rebate requirements. The Government Finance Officers Association notes: "Anytime that window is closed, SLGS become inaccessible...Access to SLGS is critical when we talk about escrows established for local government borrowing purposes and when the window is closed it decreases the flexibility for issuers."

However, local and state government use of SLGS has declined in the wake of the Congressional preemption of state and local authority of advance refunding, which authority Congress terminated a year ago, last January, as part of the Tax Cuts and Jobs Act.

Contact: Jon Moran, Senior Legislative Analyst, jmoran@njlm.org, 609-695-3481, ext. 121.

III. League Conference Follow Up

a. Claim Your CEUs from the 2018 NJLM Annual Conference!

Attention Municipal Officials! Claim Your CEUs from the 2018 NJLM Annual Conference! Please go to [our website](#) to claim your credits.

IV. Also of Interest

a. League Publications: Read All About It

The League offers a wide variety of publications to provide extra insights on the hot topics in local government, from Newly Elected guidebooks to the latest editions on OPMA, License Fees, Salaries, and Local Public Contracts. For more information on the full

publication list or to order volumes for your reference, see the [Publication Order Form](#).

b. Opportunity Zone Information Summit: You're Invited.

The NJ Economic Development Authority, in collaboration with The Governance Project, has scheduled an informational New Jersey Opportunity Zone Summit to explain opportunities for economic redevelopment in New Jersey's 169 Federally designated, low-income census tracts qualified to accept private investments through the new 'Opportunity Zone' program.

Invitees to the Summit include local elected officials, investors, developers, local business owners, and community leaders. The program will feature addresses by Governor Phil Murphy and Senator Cory Booker, who sponsored the legislation that created the Federal Opportunity Zone program. Panel discussions and working groups will also be included.

The Summit will convene: Monday, March 11, 2019
8:15 a.m. - 4:00 p.m.
Hyatt Regency New Brunswick
Two Albany Street
New Brunswick, NJ 08901

Space is limited, so [advance reservation](#) is required. Registration will begin at 8:15, and the program will open promptly, at 8:50. A lunch and light refreshments will be served.

More information on Opportunity Zone opportunities is available at the [NJ Opportunity Zone Resource Center](#).

Contact: Nicole Mahon, nmahon@choosenj.com

c. NJ Alliance for Action Symposium on Public Private Partnerships

League President Colleen Mahr, Mayor, Fanwood is presenting March 15 at the NJ Alliance for Action symposium on public private partnerships. With the recently signed Public-Private Partnership Act, state and local officials now have a new tool to utilize when financing infrastructure projects. [See related articles in the February and March issues of New Jersey Municipalities magazine.](#)

To see the full lineup and register for the symposium, go to the [NJ Alliance for Action](#) website. The Alliance has advised us any governmental entity or official who wish to attend can pay their member rate of \$95 rather than the non-member rate.



New Jersey State League of Municipalities

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