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## July 19, 2019

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

### I. State Issues

#### a. Interest Arbitration

In June, mediators appointed by the Public Employment Relations Commission (PERC) issued three [interest arbitration awards](#). The first interest arbitration awards to be issued since the expiration of the 2% cap. Each of these awards arose out of an impasse between a municipality and the local PBA union representing municipal police in reaching a collective negotiations agreement. And, in all three interest arbitration awards, the collective negotiations agreement expired on December 31, 2018.

Issues such as longevity pay, uniform allowance, and education reimbursement were brought up in these awards. However, perhaps the biggest issues addressed by the arbitrators and common to all three of these awards were the changes to each agreement's salary guide, and the amount of employee health insurance contributions.

Broadly, the mediators gave consideration to [the legislative intent of P.L. 2011, c. 78](#) and the 2% property tax levy cap. Two of the decisions are under appeal by the collective bargaining units. The League is still reviewing these awards and working to provide an analysis of the impact that the expiration of the 2% cap had on these awards and will have on property taxpayers across the state. [The awards are available on the PERC website.](#)

**Please see the item below under "Also of Interest" about a joint program between**

**the NJ Association of Counties, the NJ Municipal Managers Association, the Government Finance Officers of NJ and the League on interest arbitration.**

**Contacts:**

- Michael F. Cerra, Assistant Executive Director, [mcerra@njlm.org](mailto:mcerra@njlm.org), 609-695-3481 x120.
- Frank Marshall, Esq., League Staff Attorney, [fmarshall@njlm.org](mailto:fmarshall@njlm.org), 609-695-3481 x137.

**b. New Requirements to Change from Non-Partisan to Partisan Form of Governments**

On Monday, Acting Governor Oliver signed into [law P.L. 2019, c. 161](#), which modifies the provisions of the Optional Municipal Charter Law procedure to change the manner of holding certain municipal elections. The new law increased the number of petition signers required or vote of governing body necessary to change the municipal charter from partisan to nonpartisan elections, or vice versa. If the public question to change is made by voter petition the law will now require, the voter petition to be signed by a number of citizens equal to at least 25% of the votes cast in the municipality at the last General Assembly election. If the public question is by ordinance, the ordinance must be approved by an affirmative vote of at least two-thirds of the fully constituted membership of the municipal council. This new law took effect on July 15, 2019.

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

**c. Governor Signs Stop Work Order Legislation**

On July 9 Governor Murphy signed into [law P.L. 2019, c. 158](#), which permits the Commissioner of Labor and Workforce Development to immediately issue a stop-work order if an employer has violated the Prevailing Wage Act by paying wages at rates less than the rates required under the act. The stop work order would cease all business operations at every site where a violation has occurred. Our recent Town Crier blog provides [further details on this new law](#) that took effect on July 9. We suggest you review this new law with your administrator or attorney to ensure that your contractors are in compliance to avoid having a job suddenly halted.

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

## **II. Federal Issues**

**a. NJ Sues Federal Administration over IRS' SALT Workaround Regulations**

This week, Governor Murphy alongside State Attorney General Gurbir Grewal announced that New Jersey has joined with New York and Connecticut to sue the federal government, challenging IRS rules related to certain workarounds to the \$10,000 cap on state and local tax deductions. [A copy of the compliance is available on the State's](#)

[website](#).

As you may be aware, the 2017 Tax Cuts and Jobs Act capped the federal income tax deduction for state and local taxes at \$10,000. At the onset, there was concern from states like NJ and others that rely on property taxes more so than other revenue sources, that a cap would have a tremendous negative impact as it could result in driving down property values, among other things.

In response, many states including NJ endeavored to come up with ways to blunt the negative impact of the SALT deduction cap. In May of 2018 Governor Murphy signed into [law P.L. 2018, c.11](#) which authorized counties, school districts and municipalities to set up charitable funds which property taxpayers could donate to and in return would receive a credit on their property tax bill of up to 90 percent of the donation. This was labeled as a workaround for the new SALT deduction cap as under federal tax law deductions for charitable contributions remained uncapped. The idea was to re-categorize SALT payments as charitable contributions so taxpayers could once again deduct the full amount of their SALT payments on their federal income tax returns.

Seeing that many states were adopting these workarounds in response to the SALT cap, the Federal Administration, through the IRS, scrambled to prevent a key portion of the 2017 Tax Cut and Jobs Act from being undermined. And, in June, the [IRS issued regulations](#) that would effectively end these workarounds by disallowing charitable contributions from being deducted from federal income taxes whenever the contributor received in return a credit for taxes at the state or local level.

The lawsuit announced this week challenges IRS authority to issue these regulations. It also challenges the reasoning behind the regulations, which overturn years of previous IRS guidance on the deductibility of charitable contributions when a tax credit is issued.

We will be sure to keep our members updated on this lawsuit as it proceeds through the courts.

**Contact:** Frank Marshall, Esq., League Staff Attorney, [fmarshall@njlm.org](mailto:fmarshall@njlm.org), 609-695-3481 x137.

## **b. Garden State Connections Advance Energy and Conservation Funding Bill**

On Wednesday in Washington, the House Committee on Energy and Commerce approved HR 2088, which would reauthorize the Energy Efficiency and Conservation Block Grant (EECBG) Program. The bill will, if enacted, provide \$3.5 billion annually – \$17.5 billion over five years – in formula-based grants, to be allocated directly to municipalities, counties, tribal governments and states.

Committee Chairman and New Jersey Congressman Frank Pallone thanked League Past President and Piscataway Mayor Brian Wahler for his advocacy. Mayor Wahler had presented testimony to the Committee in May. The legislation is cosponsored by New Jersey Congressman Jeff Van Drew.

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

## III. Annual League Conference

### a. NJLM Annual Conference Exhibit Booth Registration is Open!

Invite your vendors to exhibit at the 2019 NJLM Annual Conference and showcase their product or service to other municipalities. Exhibit space is over 80% sold out so contact your vendors today – or send us a note and we'll reach out to them! The [2019 Exhibitor and Sponsorship Prospectus \(PDF\)](#), [Interactive Floor Plan](#), and [other exhibit information](#) can be downloaded on the League website.

**Contact:** Kristin Lawrence, Director of Exhibition and Sponsorships, 609-695-3481 x125 or [klawrence@njlm.org](mailto:klawrence@njlm.org).

### b. Reserve Your Hotel for the Annual League Conference

Preparations for the Annual League Conference November 19-21 are underway and the hotel reservations system is open for attendees and exhibitors at the [League Conference Web Page](#). There you will also see a preliminary schedule of conference sessions.

Staying in Atlantic City for the Conference is a great way to get the most from your attendance at the Conference. Staying over will maximize your time and opportunities to participate in the educational, informational, and networking opportunities offered throughout the Annual League Conference.

### c. 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 AC Central Reservations. This information is on the top of the [official conference housing form](#) sent to all municipal clerks and posted on the League web site.

Using unauthorized reservation services creates real problems for you and the conference as a whole. You cannot be assured your credit card information is secure and your room reservation may not actually be made. Using unauthorized services means your room will not be part of the official conference housing block and you will not get emergency housing information (which happened in both 2011 and 2012), nor will there be adequate shuttle bus services to your hotel.

As always, the League is available to answer your questions on any aspect of the annual conference and we strive to make your participation both enjoyable and highly productive.

**Contact:** Michael J. Darcy, CAE, Executive Director, [mdarcy@njlm.org](mailto:mdarcy@njlm.org), 609-695-3481, x116.

## IV. Also of Interest

### a. Mayors' Hall of Fame

Nominations are being accepted for the Mayors Hall of Fame. The Mayors' Hall of Fame was rolled out on November 15, 1995, at the Mayors' Luncheon during the 80<sup>th</sup> Annual League Conference in Atlantic City.

There are three recognition levels:

- Silver Level (10 Years)
- Gold Level (20 Years)
- White Level (30 Years)

Mayors who are currently serving and have served a total of 10, 20, or 30 years as mayor, are eligible for nomination by associates or for themselves. Mayors who rotate into office are eligible for this recognition. [Find details and nomination forms](#) on the League web site.

### **b. The League is Now Accepting Applications for the Innovation in Governance Program!**

The New Jersey Department of Community Affairs (DCA) and the New Jersey State League of Municipalities will again acknowledge and promote Innovation in Governance through our annual recognition program. This is a great opportunity to showcase innovative solutions to any problems that have cropped up – either suddenly or overtime – in your municipality. It can also be an opportunity to let your peers in on innovations that prevented problems from even arising.

Visit our awards page to see previous years of impressive ideas created by our winning municipalities as well as the [full invitation and application](#) to this year's program.

**Contact:** Ciara Bradley, Legislative Administrator, [CBradley@njlm.org](mailto:CBradley@njlm.org), 609-695-3481 x128.

### **c. New 2019 Edition! Salary Report of Municipal Positions Available Now**

The latest edition of the New Jersey Municipal Salary Report is now available, including salaries for over 40 municipal positions. This is a digital report that includes data for 244 municipalities in a Microsoft Excel Spreadsheet. The data was gathered from a recent survey conducted by the League. [View the full list of positions and municipalities](#) included in this report on the League's web site.

The cost to purchase is \$90 for members and \$180 for non-members. After ordering, the report will be emailed to the address provided on the [order form \(PDF\)](#) or visit the League's web page for a [full list of publications available](#).

**Contact:** Suzanne Allen, Administrative Assistant, [sallen@njlm.org](mailto:sallen@njlm.org), 609-695-3481 x129.

### **d. New Jersey Clean Energy Program**

The Board of Public Utilities' (BPU) will be awarding its first [Community Energy Plan grants in 2019](#). These grants are designed to encourage communities to bring together all the stakeholders (residents, businesses, non-profits and government) to benchmark energy use and other environmental impacts (waste production, water protection, land conservation), to create a plan to reduce the communities' energy consumption in

accordance with the 2019 New Jersey Energy Master Plan and implement the short and long term goals.

### **e. Interest Arbitration Workshop**

The New Jersey Association of Counties (NJAC), the New Jersey State League of Municipalities (NJLM), the New Jersey Municipal Managers Association (NJMMA), and the Government Finance Officers Association of New Jersey (GFOA) have joined forces to assemble an outstanding panel of finance officers, labor attorneys, and local governing body administrators that provide management with effective strategies and recommended best practices on how to navigate the un-level playing field created by the failure of State leaders to permanently extend the 2% cap on binding interest arbitration awards.

Senator Declan O'Scanlon (R-11), an Interest Arbitration Task Force Member, will deliver the keynote remarks followed by leading labor attorneys Matthew Giacobbe and Joseph M. Hannon, who will address the current state of negotiations. Town of Boonton Administrator Neil Henry will provide a comprehensive case study and highly regarded finance officers Jon Rheinhardt and Gabriela Simoes Dos Santos will discuss the significance of analyzing and preparing critical financial data. The workshop will also recommend new legislative strategies to address the continued inaction of State leaders, which has inequitably altered the collective bargaining process in favor of labor at the expense of property taxpayers, and recommended best practices for management, some of which include: expecting aggressive and coordinated negotiating tactics from collective bargaining units; making sure to use general counsel and an experienced labor attorney to negotiate directly with collective bargaining units; preparing comprehensive financial analysis that includes a complete and accurate picture of a governing body's ability to pay; compiling salary, wage, and fringe benefits data, and all other relevant information, to address false claims and statements made by collective bargaining units; and, staying strong on health benefit concessions, particularly with retirees and rolling back Chapter 78 requirements.

This important and timely workshop is scheduled for 10:00 a.m.–12:00 p.m. on July 31 in Committee Room 4 of the State House Annex in Trenton. The event is free for public officials, but space is very limited, so please make sure to contact Kim Nolan at NJ Association of Counties [knolan@njac.org](mailto:knolan@njac.org) if you plan on attending. Registration is closing soon.



New Jersey State League of Municipalities

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