

NJLM 2021 Federal Priorities



We started the New Year with both a new President and new Congressional Leaders. President Joe Biden's administration is beginning to take shape on both a policy and personnel front, as well as the new Congressional agenda taking shape. The League remains committed to passage of federal priorities that positively affect New Jersey municipalities, including a repeal of the cap on state and local taxes (SALT) deductions, funding to help not only alleviate the pandemic but prepare for a post-COVID economy, funding for the Gateway Program, and reliable broadband access.



Repeal of Cap on Deductibility of State and Local Taxes (SALT)

Since passage of the "Tax Cuts and Jobs Act" Pub.L. 115-97 in 2017, the federal income tax deduction of state and local taxes (SALT) has been capped at a maximum of \$10,000. The League opposed passage of this legislation that removed a feature of the tax code for more than 100 years.

The League has adamantly advocated for the repeal of the SALT cap ever since. The New Jersey Department of Community Affairs issued a report this year that stated average New Jersey property taxes are \$9,112, so the need for the repeal of SALT is more important than ever.

Rep. Bill Pascrell, the only New Jersey House member on the tax-writing Ways and Means Committee has introduced HR946 calling for the full repeal of the SALT deductibility cap. The League supports this measure and has issued a sample municipal resolution to support this legislation.



American Rescue Plan

The League supports the Biden administration's \$1.9 trillion American Rescue Plan that includes \$350 billion in funding for state and local governments. Provisions in the legislation will provide direct payment from the U.S. Department of the Treasury for municipalities with a population above 50,000. Within 60 days, the U.S. Treasury would send funding for municipalities with a population under 50,000 to the state and the state must deliver the full amount within 30 days.

Other funding included in the plan direct stimulus payments to residents; expansion of unemployment insurance; and components to mitigate the consequence of the COVID-19 pandemic including vaccination, contact tracing, and supplies.

This legislation passed Congress and was signed by President Biden on March 11. The League hosted an educational webinar on this subject to discuss the law's parameters. The Power Point and link to the event can be found at www.njlm.org/LegislativeEvents. Please see our Town Crier blog and Issue Alerts for up-to-date information.



Gateway Program Funding

The League supports prioritizing funding for the Gateway Program that adds new rail tunnels under the Hudson River. The tunnels operating are more than 100 years old, are working at capacity, and have been damaged by Superstorm Sandy.

The total cost of this project is in excess of \$12 billion and only a fraction has been funded for planning and design work. This vital infrastructure project connects New Jersey with New York and rail service from Washington D.C. to Boston.



Infrastructure Funding

Legislation to rapidly rebuild America's infrastructure is long overdue in Congress. Priorities include transportation, essential utilities, and broadband.

Large cities are prepared to take on direct relationships with USDOT and growing connector communities (population between 50,000 and 200,000) are ready to innovate and invest in their regions using Surface Transportation Block Grants, and small communities want the chance to compete and use federal programs, especially where their assets serve more than just their municipality.

For water infrastructure, programs such as the State Revolving Funds and Water Infrastructure Finance and Innovation Act provides critical financing for water infrastructure projects. Additional funds should be provided to local governments in the form of grants for drinking water, wastewater and stormwater management.

In the realm of clean energy, investment through the Energy Efficiency and Conservation Block Grant (HR425) will help communities across the country jumpstart and expand efforts and programs to improve energy efficiency, increase energy conservation and deploy renewable energy systems.

For broadband, the League supports provisions such as those included in the 2020 Moving Forward Act, including substantial federal investments in new broadband infrastructure and dedicated funding to help low-income households access broadband subscriptions. Additional action by Congress to remove state and federal preemptions over municipal broadband, local cable franchise agreements, and local authority over the use of public infrastructure by wireless companies, would free up local resources to promote connectivity at no additional cost to the federal government.



Broadband Modernization

Representatives Anna Eshoo (CA), Eleanor Holmes Norton (DC), Ed Case (CO), Bennie Thompson (MS) and Mike Thompson (CA), introduced HR 870, which was referred to the Committee on Energy and Commerce. Sen. Ed Markey (MA) introduced it in the Senate and it was referred to the Committee on Commerce, Science, and Transportation. The legislation requires the Federal Communications Commission to update the national broadband plan.

The legislation works to ensure reliable, high-speed internet access to all regions of the countries including rural, urban, and suburban to alleviate the digital divide across the nation. 