

STATEMENT BY HONORABLE ALBERT B. KELLY,
MAYOR, BRIDGETON AND
PRESIDENT, NEW JERSEY STATE LEAGUE OF MUNICIPALITIES
CONCERNING THE PROPOSED NEW JERSEY STATE 2017-2018 BUDGET
PRESENTED TO THE SENATE BUDGET AND APPROPRIATIONS COMMITTEE
MEETING IN DEPTFORD, NEW JERSEY
THURSDAY, APRIL 13, 2017

Thank you, Mr. Chairman and Members of the Committee. I am Albert Kelly, Mayor of the City of Bridgeton. As President of the New Jersey League of Municipalities, it is an honor for me to have this opportunity to represent elected and appointed officials from every municipality in New Jersey. On their behalf and on my own, I want to thank the Members of this Committee for your leadership last year on the Transportation Trust Fund. We all are very grateful, especially to you, Chairman Sarlo, and to you, Senator Oroho, for your unwavering commitment to increasing transportation aid to local government.

I am not going to spend a lot of time talking about general municipal property tax relief funding. You all know all about that. For the seventh straight year, almost every New Jersey municipality is looking at level funding in combined Energy Tax Receipts and CMPTRA property tax relief. You all know that the cumulative rate of inflation over that period decreased the value of that funding by 11%. You also know that the level of funding, even unadjusted for inflation, is lower than it was in FY '10, which was lower than it was in FY '09, which was lower than it was in FY '08. We understand that those cuts were made to help the State cope with the economic collapse of 2008. We hope the day is coming soon, when the State's recovery and reforms will allow it to restore municipal property tax relief funding to bygone levels.

Today, we want to note three areas where municipalities and local taxpayers look to you for help, as you put together the State's spending plan for your next Fiscal Year. Then, we want to briefly mention three local budget concerns that our local taxpayers could face, as you continue through your Fiscal Year.

The first problem arises in the five former Urban Enterprise Zone municipalities – Bridgeton, Camden, Newark, Plainfield and Trenton - where the program was allowed to expire at the end of last year. These are five municipalities with more than their fair share of tax exempt properties.

The UEZ Program - first created in 1983 - offers incentives to participating businesses, designed to encourage business growth and stimulate local economies. Approximately 6,800 certified UEZ businesses participate and benefit from the advantages of the UEZ program statewide. These include a number of tax and financial incentives, including tax credits to hire local workers. The program authorizes qualifying retail businesses in the UEZs to charge and collect the State's sales and use tax at one-half of the normal rate.

Those incentives allow businesses to attract customers to, and create employment opportunities in, economically distressed municipalities. UEZ designation is a vital tool in the tool kit of local leaders, working to bring their communities back from, sometimes, decades of decline.

The loss of these benefits in these five municipalities will, inevitably, cause businesses to relocate. In addition to the loss of jobs, this will cause the loss of ratables, and the shifting of more of the property tax burden onto residents and the remaining businesses. It will also discourage new businesses from locating and current businesses from expanding in these towns. This could mean more lost ratables and opportunities for economic advancement.

The Governor has called for a study of the UEZ program and other economic redevelopment possibilities. We would welcome that study. But, in the meantime, and on behalf our residents and remaining businesses, we would welcome the opportunity to work with any interested Legislator on a funding program that would hold these municipalities harmless from the loss of ratables caused by the loss of Urban Enterprise Zone business incentives.

If the opponents of the UEZ program are right, and it doesn't do any good for businesses and communities, then the lack of UEZ benefits won't do any harm. And if that is the case, the promise of local budget protection will not cost the State a penny.

The second problem area arose as a byproduct – an unintended consequence – of the implementation of the Constitutional Amendment on bail reform.

As of January 1, many New Jersey municipalities are being asked, for the first time and in contravention of long established practice, to provide representation for certain defendants in Superior Court.

The County Offices of the Public Defenders will represent all unrepresented defendants at the initial release hearing. If, at that initial release hearing, the County Prosecutor files a motion for pretrial detention, the hearing on that motion (the detention hearing) must be held within three days.

The problem arises when a County Prosecutor makes such a motion on a disorderly persons offense. We understand that the Administrative Office of the Courts has advised the County Assignment Judges to decide how such disorderly persons defendants would be represented at

detention hearings. It seems that the vast majority of County Assignment Judges, in turn, have been deciding to have Municipal Public Defenders represent these indigent defendants.

This requires a part-time Municipal Public Defender to prepare a defense and to travel, on short notice, to the County Seat, for these matters. This will increase municipal costs. But financial issues aside, the assignment of these matters to Municipal Public Defenders is both improper and impractical.

The Municipal Public Defender is contracted to represent an indigent defendant in Municipal Court, not the Superior Court. If a defendant is convicted in the municipal court and appeals, the job of the Municipal Public Defender is over. The local Public Defender does not appear in Superior Court on the matter. The matter is then handled by the Office of the Public Defender, and that is how these matters should be handled as well.

Respectfully, it is simply impractical to have a sole practitioner, who goes to municipal court at most once per week, and sometimes once per month, to be available, on short notice, to attend these hearings. The State Public Defender has an office in each courthouse and can attend these hearings on a moment's notice. That is the procedure for prosecutors. The County Prosecutor appears at both the initial release hearing and the detention hearing.

We have asked the AOC to direct the County Assignment Judges to relieve local Public Defenders, and local property taxpayers, of this unprecedented policy. Absent favorable action by the Courts, we hope that money can be found in the State budget to relieve our property taxpayers of this new, indeterminable burden.

The third problem concerns our 9-1-1 emergency dispatch system.

When the need arises, the people of New Jersey have a right to expect efficient emergency response, which is only possible when citizens, dispatchers and responders have access to effective communications options. Based on a recommendation of the President's Commission on Law Enforcement and Administration, in 1968 9-1-1 became the national emergency number for the United States. Further technological progress led to the development of Enhanced 9-1-1 (E911) services, which allowed emergency response to identify the source location of a call for assistance.

In response to the rapid pace of change in communications technology and to the public's embrace of the new technology, in 2000 the National Emergency Number Association (NENA) identified a need for Next Generation 9-1-1 (NG9-1-1), which would allow the public to transmit text, images, video and data to a Public Safety Answering Point, and which could accommodate additional types of emergency communications and data transfer.

In order to finance the installation of new NG9-1-1 infrastructure over time and the training of PSAP operators, while properly maintaining current services in the interim, the Governor and the

Legislature, in 2004 agreed to create the “911 System and Emergency Response Trust Fund” (the Trust Fund), to be funded by a 90 cent, per month, fee on every land line and cell phone service. During the next few years, the Trust Fund provided over \$118 million, with over \$42 million of that dedicated to NG9-1-1 upgrades, and with more millions of dollars distributed, as grants, to municipal and county PSAPs, which handle the vast majority of 911 calls.

But, beginning in 2009 and continuing since, State budget makers have diverted monies from the Trust Fund to finance other priorities, shortchanging callers who rely on, and local units which operate, the system.

When it comes to emergency response, saving time is saving lives, and that can best be accomplished by a rededication of Trust Fund dollars to the purpose for which they were intended.

The Governor’s Budget in Brief notes an increased appropriation of \$13 million for the Statewide 9-1-1 Emergency Telecommunication System. We have reached out to the Administration for details on that appropriation, and we await that information.

We hope this indicates an end to the diversion of the resources collected for the 911 System and Emergency Response Trust Fund, and a rededication of our State to providing our citizens with the State of the Art emergency communications system that they were promised and that they have been paying for since 2004.

Looking beyond the Budget, we are very worried that the cap on binding arbitration awards will disappear, while the cap on the local tax levy remains in place. As things now stand, the interest arbitration awards cap will sunset at the end of this calendar year. Without the arbitration award limits in place, and because of the tax levy cap, local government leaders will be forced to reduce other personnel in order to balance costly arbitration awards. If the Interest Arbitration cap is allowed to sunset, local leaders may have no choice but to dramatically cut or eliminate other services in order to offset generous awards. The Interest Arbitration cap has been an effective and important component to municipal government in controlling the growth of property taxes.

Second, we realize that the State’s pension liability and the costliness of employee and retiree health benefits limit your ability to more adequately fund other priorities. As you work to address those issues, we urge you to remember that local governments and local employees have regularly made all required payments and met their obligations. The funding ratio for Local PERS is currently 71.4%, compared to 37.8% for the State PERS. The ratio for Local PFRS is currently 74.5%, compared to 41.2% for the State PFRS.

We will oppose any recommendation that looks to fund State responsibilities by asking local property taxpayers and local public employees to sacrifice the benefits of their conscientiousness.

Finally, on behalf of our property taxpaying residents and businesses, we welcome your attention to the matter of school funding. We stand ready to assist that effort in any way that we can. In 2016, school district taxes, at almost \$15 billion, equaled over 52% of the total property tax levy.

As you work to improve school funding, we only ask that you respect two principles: Fairness and Equity for our property taxpaying residents and businesses. You know that property taxes are unfair and inequitable. They are not based on the ability to pay and fall heaviest on those living on fixed incomes. They drive investment and economic development away from the Garden State. The solution to school funding must not make the property tax burden any heavier. We hope it can make it much lighter.