

June 30, 2016

Re: Weekly Policy Update

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Dear Mayor:

I. Transportation Trust Fund (TTF) Update

Yesterday, the New Jersey State Senate recessed without taking action on legislation to reauthorize the ailing Transportation Trust Fund (TTF). Key decision leaders – the Governor, the Senate Leadership and the Assembly Leadership – agree on the need to increase motor fuel taxes – up to 30% of which will be paid by out-of-state drivers – in order to reinvigorate the TTF and limit the need for excess borrowing.

As you know, the General Assembly on Monday approved a plan to reauthorize the TTF at \$2.0 billion per year for 8 years by increasing the motor fuels tax. That plan – like the plan pending in the State Senate - would result in an increase of the ‘pay at the pump’ tax of up to 23 cents per gallon. The Assembly plan reduces the State’s sales tax from 7.0% to 6.0% over the next 18 months, and provides exemptions from the income tax for pension and annuity income. The agreement between the Governor and the Assembly Leadership does not include eliminating the estate tax, excluding certain charitable deductions from taxable income, increasing the earned income tax credit, or increasing jet fuel tax as called for under the original proposal, which are still preferred by the majority in the Senate.

As a result of the deadlock on tax cuts, upon the signing the State's Fiscal Year 2017 budget, the Governor signed an Executive Order which freezes all non-essential state spending on transportation projects.

The League urged the Legislature to resolve this issue in a timely way, which would both provide sustained funding for the Fund and appropriately increase the local aid portion. As we indicated in the League's June 26 Dear Mayor letter, both proposals currently on the table (S-2411 and S2412, sponsored by Senators Sarlo and Oroho and A-10 and A-12, sponsored by Assembly Speaker Prieto) meet the requirements we sought from the beginning of the process, over two years ago. They will both ensure long-term funding for the TTF, which is sorely needed to ensure the safety of New Jersey motorists and the prosperity of our State's economy. They will both provide greater support to address local infrastructure needs, and both will provide essential property tax relief.

The League maintains its support for the reauthorization of the TTF and suggests that you contact your Legislators and the Governor's Office. Please ask them for their support for TTF reauthorization and the increased, or rather the restoration of, funding for local purposes.

If your municipality has not already done so, please consider adopting the draft resolution, which is based in large part on League Conference Resolution 2015-06, in support of the reauthorization of the TTF. Please click [here](#) for the resolution in PDF format and [here](#) for the resolution in Word format.

This funding will provide for needed capital improvements and maintenance of local infrastructure and relieve this financial burden from property taxpayers. In the first year of the Transportation Trust Fund (FY 1985), Local Aid funding represented almost 22 % of total Transportation Capital funding. By FY 1997, Local Aid was down to 16%. By FY 2004, we were down to 12%. Average Local Aid funding over the 32 years was just under 16%. So the dedication of 20% of the TTF to Local Aid represents a restoration of funding that has, unfortunately, been diminished through the years.

Contacts: Jon Moran, jmoran@njslom.org or 609-695-3481, x121

Mike Cerra, mcerra@njslom.org or 609-695-3481 x120

II. Governor Makes Cuts and Signs State Budget

As required by the State Constitution, Governor Christie signed into law a balanced budget for the Fiscal Year that begins today and will conclude immediately after June 30, 2017. The Governor's Office noted

in a Press Release, “This \$34.5 billion budget continues for a sixth consecutive year the highest amount of aid for public schools and includes the largest pension payment in New Jersey history.”

The Governor also issued two Executive Orders, which will hold some state funds in reserve, including Transitional Aid, until there is Legislative action to alter public employee health benefits through the Plan Design Committee (The Governor’s proposed budget included \$250 million in savings from unspecified changes.) and action to authorize TTF funding.

On the TTF, Executive Order 210 reads, in part:

1. The Commissioner of DOT and the Executive Director of New Jersey Transit are instructed to plan an immediate and orderly shutdown of all ongoing work that is funded by the TTFA, with the understanding that any work that is funded by federal funds may continue. The respective plans for such orderly shutdown shall be completed no later than 11:59 pm on Saturday, July 2, 2016.

2. All work that is funded by the TTFA shall cease according to the shutdown plans established respectively by the Commissioner and Executive Director, with the understanding that any work that is funded by federal funds may continue.

3. The Commissioner of DOT shall take all appropriate steps to ensure that work performed at the municipal level that is funded by the TTFA, through grant or otherwise, shall cease in a manner consistent with this Executive Order, with the understanding that any work that is funded by federal funds may continue.

In order to account for the absence of the \$250 million in unspecified health benefit savings, Executive Order 209 instructs the Director of the Division of Budget and Accounting, as follows.

The amounts immediately reserved shall include all legislative additions to my recommended budget for Fiscal Year 2017, as determined by the Director, and half of the appropriation for Transitional Aid to Localities, along with such other amounts of such items of appropriation as the Director shall determine to be necessary to effectuate the purposes of this Order.

The sequestration of Transitional Aid funding, which was completely unexpected, will pose serious problems for communities facing serious needs. We will continue our review of the Governor’s line-item vetoes and keep you posted on any further developments.

Contact: Jon Moran, jmoran@njslom.org or 609-695-3481, x121

III. Compromise Enacted on Open Space Funding Legislation

The Governor has approved S-2456, a compromise bill regarding open space funding. S-2456, (also called the “Preserve New Jersey Act”), largely mirrors language that was found in a bill which was conditionally vetoed by the Governor. The two main changes between the original and compromise bill are that roughly \$2.7 million will be shifted from Green Acres and dedicated to the Blue Acres program, which is used to buy properties in flood prone areas, and that the bill will begin with FY2017 instead of FY2016, with the understanding that the money that has accrued will be carried forward to fund these programs.

Importantly, local Municipalities will be allocated over \$15 million each year for land preservation projects under the agreement.

Contact: Ed Purcell Esq., epurcell@njslom.org or 609-695-3481, x137

IV. DEP Extends Comment Period for Highlands Septic Density Rule Proposal

The New Jersey Department of Environmental Protection has extended the comment period until July 15, 2016 for new Highlands septic density rules. The current septic density rules allow for one individual septic system for every 25 acres in non-forested and for every 88 acres in forested areas. This proposal breaks up the Highlands into three different Land Use Capability (LUC) zones and lowers the per acreage requirement for individual septic systems. This rule proposal is available [here](#). Again, comments are due by July 15, 2016.

Contact: Ed Purcell Esq., epurcell@njslom.org or 609-695-3481, x137

V. Legislative Alert: Affordable Housing “Gap” Period

We again call your attention to Senate bill S-2254 and Assembly Bill A-3821. The League supports this important legislation, which will facilitate municipal compliance and result in the production of affordable housing. Please [click here](#) for the League’s Dear Mayor Advisory of May 26, which summarizes the legislation and provides links to a sample resolution. Your immediate attention on this issue is needed in order to advance this timely and needed legislation.

Contact: Mike Cerra, mcerra@njslom.org or 609-695-3481, x120

VI. Mayors Hall of Fame Reminder

Once again, the New Jersey State League of Municipalities Executive Board wants to pay tribute to mayors who have served at least 10 years as mayor. During the Mayors Box Luncheon at Annual League Conference in November we will induct nominees to the Mayors Hall of Fame. See details on the nomination process here <http://www.njslom.org/letters/2016-0225-halloffame.html>

VII. License Fees Volumes 2 & 3 – Newly Updated License Publications Available Now!

The League is pleased to publish an update of fees pertaining to alarms and false alarm penalties (Volume 2) and liquor licenses, dogs and cats, and garage sales, flea markets and auction fees (Volume 3).

This electronic publication includes the data laid out in tables in a PDF file, as well as a Microsoft Excel file containing the raw data, and will be emailed to you after purchasing.

Volume 2 may be purchased individually by League members for \$30.

Volume 3 may be purchased individually by League members for \$40.

For a limited time members may purchase all three newly updated books (Volumes 1, 2 & 3) at the discounted price of \$100! (Volume 1 was released last week and contains fees for mercantile licenses, peddler, solicitor, canvasser and itinerant vendor fees, amusement and vending machines, and taxi and limousine licenses.)

Click here to visit the League's publication order form or contact Suzanne Allen at sallen@njslom.org or (609) 695-3481 x129 to order.

Contact: Suzanne Allen, sallen@njslom.org or (609) 695-3481, x129

Sincerely,

Michael J. Darcy, CAE

Executive Director