

March 24, 2016

RE: Weekly Policy Update

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Dear Mayor:

Here is summary of some issues of interest to local governments.

- I. League President Testifies on Governor's Budget Proposal

On Tuesday, in Newark, League President, Mayor Joseph Tempesta of West Caldwell, spoke to the members of the Senate Budget and Appropriations Committee. The Committee held a public hearing to solicit comments on Governor Christie's proposed budget for the upcoming State Fiscal Year. Mayor Tempesta highlighted three areas of concern to New Jersey local governments and property taxpayers.

First, on Energy Tax and CMPTRA funding, our President said:

For the sixth straight year, local property taxpayers will be denied the benefit of annual inflationary adjustments that are required by State statute in both CMPTRA and Energy Tax funding. And a longer look back reminds us that these years of level funding began at the bottom of deep hole. During State Fiscal Years 2009, 2010 and 2011, a total of \$331 million was diverted from property tax relief, and instead used to address some serious State budget gaps.

The cumulative impact of years of underfunding, going back well before those cuts, has left many municipalities with unmet needs. New Jersey mayors and municipal governing bodies are best suited to assess local needs. Further, these revenues are intended to fund local priorities and services. ...

We urge you to consider the need for high quality local programs and services and the constraints under which local officials must operate. We urge you to trust local officials to responsibly balance local needs and local resources. We urge you to begin to restore these funds, which the State needed to address a real crisis, back to local budgets, back to where they are meant to be.

On proposed pension and health benefit reforms, Mayor Tempesta told the Committee:

In his budget address, the Governor referred to the recommendation of his Pension and Benefits Roadmap Commission. We have serious concerns with the Commission's report. It fails to recognize the fact that municipalities and their employees have consistently contributed to the local PERS and PFRS funds. The real issue is with the State's pension funds. And neither local funds, nor any real or projected local savings, should be used to address the State's funding problems. In fact, we believe that the "Roadmap to Resolution" reports include some faulty premises and will not have the intended effect.

Working with League's Executive Board, our Management Reform Committee and our special committees on Pensions and Benefits, we hope to bring to the table a compromise solution establishing a stable Health Benefits and Pension Reform package.

Finally, on the impending insolvency of the Transportation Trust Fund, the League President stated:

On June 30, it isn't a pot hole that awaits the New Jersey's Transportation Trust Fund. It is the end of the road.

The State Department of Transportation (DOT) reports that New Jersey's municipalities are responsible for 64 percent (28,539 center line road miles) of our roads. County governments are responsible for another 22 percent (6,649 center line road miles). Together, local governments are responsible for 39 percent of our bridges. Local roadways and bridges carry about 55 percent of all traffic.

... Given the extent of the local infrastructure, and given the need for strong and steady investment in that infrastructure, we will ask for assurances that Local Aid will represent, at a minimum, 25% of annual Transportation Capital spending. And we will call for adjustments in funding, to account for the effects of inflation.

We appreciate the fact that Senate President Sweeney and Assembly Speaker Prieto are strong advocates of increased local aid. Respectfully, we ask all of you to join them on that.

We have called on State policy makers to take decisive action now on this crucial State priority. We repeat that call today. We cannot continue kicking the can ever further down the road. Given the urgent need for road repairs, the can can't last much longer.

Contact: Jon Moran, 609-695-3481, ext. 121 or [jmoran@njslom.org](mailto:jmoran@njslom.org)

## II. Update on Hospital Property Tax Exemption Issue

Last Friday, Governor Christie announced a proposal for a 2 year suspension on any change in status for tax exempt property. During that two year period a study commission would review the exemption law as it pertains to non-profit hospitals and universities and make recommendations to the legislature. The touchstones of this proposal are the A.H.S Hosp. Corps. v. Town of Morristown decision (where a tax court removed a large part of a non-profit hospital's exemption) and a pending tax court case regarding Princeton University's exemption. This proposal has yet to be introduced in the legislature. The League will review this proposal when it is introduced.

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## III. Free Emergency Preparedness Training

We bring you the following information in cooperation with the Chemistry Council of New Jersey.

The Chemistry Council of New Jersey is supporting TRANSCAER® (Transportation Community Awareness and Emergency Response) by promoting safe transportation and handling of hazardous substances.

With the increased attention about rail shipments of HAZMATs, we wanted to make sure you were aware of this upcoming training opportunity, and that you would consider visiting on one of the training days to view for yourself our industry's commitment to working with transportation partners, including rail carriers, shippers, first responders and government officials. These efforts further enhance the safe transportation of chemicals and the operating conditions under which they travel.

The 2016 North East Training Tour includes two stops in New Jersey this spring. The rail tour stops include Newark, NJ (May 4, 5) and Westville, NJ (May 18, 19). This tour is sponsored by The Dow Chemical Company who has teamed with Axelon, Benjamin Moore, Crestwood, CSX and Conrail Railroads, DANA Transport, Kuehne Company, Quality Distribution Inc., Sunoco Logistics, The Chlorine Institute, Firefighters Education and Training Foundation, and many other local supporting agencies.

Please, have your staff contact Elvin Montero at the Chemistry Council of New Jersey at 609-392-4214 or via email at [emontero@chemistrycouncilnj.org](mailto:emontero@chemistrycouncilnj.org) to register and coordinate your visit on the preferred date.

#### IV. Update on Atlantic City Budget Crisis

Back on March 14, the Senate passed legislation to require casino payments in lieu of taxes, in order to provide predictability for Atlantic City's budget, and to empower the State to take control of the City's operations.

On Tuesday, Mayor Guardian announced an Emergency Operations plan for the City, when it runs out of money on April 8.

No action is scheduled in the Assembly, as the Speaker has expressed serious opposition to provisions in the take-over bill that would allow the State to contravene provisions in collective bargaining agreements with public employee unions.

We will keep you posted.

#### V. Technology Education Conference Scheduled

The role of technology in managing a municipality is increasing at a faster rate than ever before. One of the ways the League supports you in this field is through the New Jersey Chapter of GMIS, the national association of local government technology managers. NJ-GMIS works with the League's as our Technology Support Organization.

I would like bring to your attention the Technology Education Conference (TEC) produced by NJ-GMIS. This is their 7th annual event and takes place on Thursday, April 7 in Franklin Township (Somerset).

Details and registration information is available on line at <http://www.njgmis.org/2016-tec-conference/>

The one-day conference includes seminars, vendors, networking opportunities and is an invaluable opportunity for those who manage your technology. There are sessions for technical staff, managers, and operating staff who deal with technology. The keynote speaker will be talking about the challenge of managing employees from different generations.

Sincerely,

Michael J. Darcy, CAE

Executive Director