

February 20, 2015

RE: Weekly Policy Update

Dear Mayor:

Here's a recap of major policy issues of interest to local governments.

State Budget Proposal Coming Next Week. Property Tax Relief News Awaited

Next week in Trenton, Governor Christie will present his State budget proposal to the Legislature. Soon thereafter, the Senate and Assembly Budget Committees will schedule a series of public hearings. League President, Mayor Brian Wahler, will present testimony on behalf of all local officials. That testimony will address the number one property tax relief issue in our State.

On behalf of Mayors all around New Jersey, but more importantly, on behalf of the property taxpaying citizens of our State, he will ask Governor Christie and State Legislators to end local taxpayer subsidies of the State budget and to provide full funding for vital municipal revenue replacement programs.

As Mayor Wahler said in his January 20 letter (<http://nj-njslom.civicplus.com/ArchiveCenter/ViewFile/Item/408>) to all of you, "We need to anticipate a possible diversion of our funding. **All local officials need to stand together to protect the municipal property tax relief funding that helps us to provide essential services to our communities.**"

If you agree that State compliance with the laws regarding Energy Tax and CMPTRA funding is important to you and your taxpayers:

- Please visit our "Energy Tax Restoration Resource Center" page on our website. (<https://nj-njslom.civicplus.com/526/Energy-Tax-Restoration-Resource-Center>)
- It includes facts and information on the history of these crucial property tax relief programs. It includes a calculator (available at <http://nj-njslom.civicplus.com/DocumentCenter/View/287>) that will help you to quantify the impact of State diversion on your local property taxpayers.
- Please contact Governor Christie and your Legislators – in both the State Senate and the Assembly – and urge them to dedicate property tax relief funding to property tax relief.
- Please bring this matter to the attention of your residents and your local newspaper.

We commend Governor Christie and Legislative Leaders in both Houses and both Political Parties for their courageous leadership in bringing discipline to State spending and in advancing

common sense solutions to local cost drivers. It will take the same courage and discipline to wean the State off of these local revenues.

With the Governor's budget address next week, the League is closely monitoring a number of other issues, including the following:

Transportation Trust Fund

We face an uncertain future on funding for local transportation projects with the Transportation Trust Fund (TTF) just months away from insolvency. The NJDOT reports New Jersey municipalities are responsible for 64% of road miles and, together with counties, 39% of bridges in New Jersey. The League of Municipalities continues to champion the need to reauthorize the Transportation Trust Fund to ensure adequate and reliable funding to meet State and local transportation infrastructure funding needs for the next 10 years as well as increase Local Aid funding to ensure adequate and reliable funding to meet all local transportation infrastructure needs. A failure to find adequate funding will have very real local implications, not just on the state of our infrastructure but on the very budgets which fund that infrastructure.

We have prepared a draft Resolution on this matter, and posted it on-line for your consideration.

The links are:

PDF - <http://nj-njslom.civicplus.com/DocumentCenter/View/6510>

Pension and Health Benefits

We are also concerned with the possible recommendations of the Governor's Blue Ribbon Pension and Health Benefit Study Commission. Last fall, the League submitted a statement to the Commission noting that the experts have always made a distinction between local commitments for local employees and retirees, and the commitments for those for whom the State is responsible. Our concern, put simply, is possible consideration of merging the state and local plans, essentially weakening the local plans.

Recently the Star Ledger had an article on nearly 2,000 retirees with pension payments of \$100,000 or more. The article noted that "Retirees drawing pensions from the Judicial Retirement System, on average, receive \$100,789, compared with \$60,874 in the State Police Retirement System, \$57,503 in the Police and Fireman's Retirement System, \$40,104 in the Teachers' Pension and Annuity Fund, \$16,150 from the local portion of the Public Employees' Retirement System and \$25,822 from the state portion of that fund." The article is available online at: www.nj.com/politics/index.ssf/2015/02/nearly_2000_retired_nj_public_workers_collecting_1.html.

It is important to note that while the local governments pay all of the costs that apply to local PFRS and PERS, both the pension and post-retirement benefits if such apply, the State funds the TPAF. In a few weeks the Division of Pensions will release the new Valuation Reports for the

various systems based upon the year ending June 30, 2014. We anticipate that the unfunded obligation could grow for both the State and local systems. We expect that the rate of growth at the State level will be greater than at the Local level because local employers and employees have continued to make full payment, and investment income was greater than assumed.

We will report back to you next week on any important developments. Thank you,

Very truly yours,

William G. Dressel, Jr.
Executive Director