

January 9, 2015

RE: Weekly Policy Update League 2015 Legislative Priorities Municipal

Clerk: Please forward a copy to all Governing Body Members

Dear Mayor:

We would like to take this opportunity to share with you what we have identified as the top policy priorities for the League for 2015. The League has already taken steps on each of these major issues, but needs your assistance and sustained support in making the necessary in-roads with the Legislature and Administration. Below please find an overview and what you can do to help bring a positive outcome on each issue.

I. COAH/Affordable Housing

On Tuesday, the New Jersey Supreme Court held oral argument on the Fair Share Housing Center's (FSHC) motion to enforce litigant's rights. The League opposed the motion before the Court. For a recap, please see the January 6 Dear Mayor letter: <http://nj-njslom.civicplus.com/ArchiveCenter/ViewFile/Item/422>

Regardless of what the Court does or does not do, the solution to this impasse must be a legislative solution. We call your attention to League Conference Resolution 2014-19 which "...urges the Governor and the State Legislature to partner with municipalities and enact legislation to implement a reasonable and rational state affordable housing policy which promotes rational planning, seeks to achieve results with available housing funding and incentives, encourages partnerships, and protects the interests of taxpayers." (<http://nj-njslom.civicplus.com/DocumentCenter/View/984>)

What you can do:

1. Please consider adoption of the model resolution prepared by the League, which mirrors the resolution passed at the Conference. See <http://nj-njslom.civicplus.com/DocumentCenter/View/6509>
2. Contact your State Legislators on a one-to-one basis and urge them to support and pass rational reforms to the Fair Housing Act **this year**. We would further suggest reminding your State Legislators of the importance of these reforms at every opportunity.

II. Transportation Funding

On Thursday of the League Conference Week in Atlantic City, the Members of the Assembly Transportation and Independent Authorities Committee heard from a good number of Mayors, regarding the importance of renewing the State's Transportation Trust Fund (TTF). The TTF has been a major source of funding for local transportation projects for almost thirty years.

Now, with the Fund just months away from insolvency, the League has taken the lead and asked New Jersey Mayors to impress on their State Legislators the importance of decisive action.

Along with Past League President Timothy McDonough, Mayor of Hope, League President, Mayor Brian Wahler of Piscataway presented testimony on behalf of the League at that hearing and then before the Senate Transportation Committee chaired by Senator Nicholas Sacco. (I would like to further note that Montclair Mayor Robert Jackson has also presented testimony on behalf of the League.) In that testimony and in other public statements, the League has identified three challenges with regards to transportation capital funding.

We must:

- 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.
- Increase Local Aid funding to ensure adequate and reliable funding to meet all local transportation infrastructure needs. The NJDOT reports New Jersey Municipalities are responsible for 64% of road miles and 39% of bridges in New Jersey.
- Increase the municipal share of Local Aid funding and ensure fair funding for all municipalities.

What you can do:

1. Please contact your State Legislators and urge them to commit to decision action on renewing and replenishing the Trust Fund in 2015.

III. Pension and Health Benefit Study Commission

Last fall, the League's Officers submitted a statement to Governor Christie's Blue Ribbon Pension and Health Benefit Study Commission. While the League commends the Governor and the Commission for their attention to the problems underlying the State's funding crisis, we wanted the Commission to be aware of the fact 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. According to the latest valuation reports, the local government Public Employees Retirement System (local PERS) and the local Police and Fire Retirement System (local PFRS) are actuarially sound, in large part due to the fact that municipalities and counties have made full employer contributions as required under the law for over a decade. The Final Report and Recommendations of the Study Commission should not address State government funding gaps by, in any way, weakening the vitality of the local plans. You can view the full letter on our website at: <https://nj-njslom.civicplus.com/590/Pension-Contributions>.

What you can do:

1. Please make your State Legislators aware of our concerns, as we continue to monitor the Commission's deliberations.

IV. State Diversion of Energy Tax Receipts Property Tax Relief Funding

The restoration of our municipal energy receipts by the State remains a top priority for the League and municipal officials during this legislative term. In this regard, an additional initiative, [Assembly Concurrent Resolution \(ACR\) 176 / Senate Concurrent Resolution \(SCR\) 131](#), sponsored by Assemblyman Wayne DeAngelo and Senator Linda Greenstein, has been introduced. The League Energy Receipts Restoration Committee has reviewed and **supports** this proposal. ACR 176/SCR 131 mirrors [Assembly Bill A-2921/Senate Bill S-1900](#) from 2012 (sponsored by Assemblyman Troy Singleton and Senator Paul Sarlo), previously supported by the League, but instead is structured as a proposed Amendment to the New Jersey Constitution. In 2012, A-2921/S-1900 passed both legislative bodies on bi-partisan votes, but then was vetoed by the Governor. A Constitutional Amendment proposal bypasses the Governor, going directly to the voters at a November general election, after it has been approved by either: 1) three-fifths majorities in both Houses of the Legislature in the same calendar year; or 2) by simple majorities in two successive years.

Like A-2921, ACR 176 provides that the energy tax receipts would be restored incrementally over a five year phase-in. Specifically, the amendment would require that, commencing in State fiscal year 2016, municipalities receive an incremental 20 percent restoration of the amount of municipal aid reductions using fiscal year 2008 as the base, plus the annual increment. In each of the next four State fiscal years, an additional 20 percent of this amount would be distributed to municipalities, for full restoration of the diverted funds.

The earliest it could go to the voters is November 2015. As a result, ACR 176 will need to be amended to push the first 20 percent payment back to the State FY2017. The League continues to support the following Energy Tax Receipts restoration legislation, which also could restore energy receipts to FY2017 levels.

[Assembly Bill A-1021/Senate Bill S-268](#) (companion bills), introduced by Assemblyman Daniel Benson, with 18 Assembly co-sponsors, and by Senator Linda Greenstein, with 2 Senate co-sponsors. These bills would, over five years, phase-in the tax payments directly to the host municipalities.

[Assembly Bill A-1012](#), introduced by Assemblyman Daniel Benson with 3 Assembly cosponsors. This bill would restore funding to fiscal year 2010 levels.

What you can do:

1. Please take every opportunity to discuss this matter with your State Legislators, emphasizing the benefits that these funds could provide to your municipality.

2. Prepare to take further action, once the Governor has introduced his proposed budget for the State's next fiscal year, in February.

V. Business Personal Property Tax Loss Hits 223 Municipalities

In 2009, Verizon claimed itself exempt from the payment of Business Personal Property Taxes (BPPT) in 5 municipalities, based on its own interpretation of a 1997 law, when it unilaterally determined that it no longer provided dial tone access to at least 51% of the local telephone exchanges in those communities. In 2010, 28 municipalities were added to the list. In 2011, 31 more municipalities were told by Verizon that they would no longer receive their BPPT payments. 55 more were added in 2012. In 2013, they were joined by 44 more. Verizon's claimed exemption was felt in another 18 municipalities for the first time in 2014. And 42 more have been informed by Verizon that they will receive no BPPT payments in 2015.

As a result, unless the Legislature acts, 223 municipalities will enter their next fiscal year knowing that they will need to balance their budgets without Verizon BPPT payments. These funds have allowed municipalities to provide vital relief to residential taxpayers.

In response to this rapidly spreading crisis, legislation was introduced by Assemblyman Ralph Caputo and Senator Bob Smith to provide clear direction to the courts regarding the legislature's intent to protect residential taxpayers, when the laws regarding State taxation of telecommunications providers were reformed in 1997.

The Assembly bill, [A-366](#), has been referred to the Assembly Telecommunications and Utilities Committee. The Senate bill, S-1713, awaits action in the Senate Community and Urban Affairs Committee. The Legislature must act to prevent more and more municipalities from losing their fair share of BPPT revenues.

What you can do:

1. Please ask your State Legislators to support A-366 and S-1713

If you need any additional information or have any questions, please contact Mike Cerra, Director of Government Affairs, at either 609-695-3481 x120 or mcerra@njslom.org.

Thank you,

Very truly yours,

Brian C. Wahler
President

William G. Dressel, Jr.
Executive Director Mayor, Piscataway Township