

December 29, 2017

RE: WEEKLY UPDATE

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Dear Mayor:

I. State Issues

a. IA Cap Set to Expire: Efforts to Continue into 2018

With only 2 days left before the 2% cap on interest arbitration awards expires, it appears, despite widespread bipartisan support, [support from the business community](#) and [editorial boards across the State](#), the Legislature is prepared to allow this cap to elapse. This is unfortunate, but not without precedent. In 2014, the 2% interest arbitration cap lapsed at the end of the March, while our legislative efforts continued and the cap was eventually extended in June.

Likewise, our efforts to extend this necessary property taxpayer protection will continue through the remainder of this legislative session, which ends on January 8, and, if necessary, beyond into 2018.

Here's what you can do: on January 4, Assemblyman O'Scanlon will make a motion on the floor of the General Assembly to relieve [A-2123](#) from the Assembly State and Local Government Committee and bring the bill to the floor. He did this previously in June and the motion was tabled. We would expect another motion to table this action, but **we urge you to contact your Assembly representatives and ask them to support Assemblyman O'Scanlon's motion, bring A-2123 to the floor, and vote for its approval.** This may be the only opportunity for the Legislature to act and extend this proven tool to curtail property taxes.

Please continue outreach to your State representatives, the Legislative Leaders, Governor Christie, and Governor-Elect Murphy expressing the urgent need for the extension of the 2% cap on interest arbitration awards.

Resources:

- [Please click here](#) for the League's 2% IA cap page.
- Please [click here for the League's Town Crier](#) blog post on this issue.
- Editorial boards across the State support our call to extend the interest arbitration cap. To read these, please see the [League's 2% IA cap page](#).

Contacts:

- Michael F. Cerra, Assistant Executive Director, mcerra@njslom.org, 609-695-3481 x120.
- Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481 x112.

b. Pre-payment of 2018 Property Taxes

[Click here](#) for an IRS news release outlining their advice on the deductibility of prepayments. Links to the related Governors Executive Order and DLGS Local Finance Notice are found in our December 27 communication posted here <http://nj-njslom.civicplus.com/Archive.aspx?ADID=443>

Please see the item below for related details.

II. Federal Issues

a. IRS Advisory on Deductibility of Prepaid Property Taxes Offers Some Guidance

As reported in our Wednesday and Thursday Daily Alerts, Governor Christie has issued an Executive Order, concerning the recently adopted Federal Income Tax Reform bill that will cap future allowable deductions for combined State and Local Taxes (SALT) at Ten Thousand Dollars (\$10,000.00). The Governor's Order instructed the Director of the Division of Local Government Services to "notify municipalities to accept payments for 2018 property taxes in the calendar year 2017, and require them to credit those payments as received in 2017 if the payment is postmarked on or before December 31, 2017." **Click here for a copy of the Executive Order.** In response to that Order, the Department of Community Affairs, Division of Local Government Services issued a Local Finance Notice (LFN). **Click here for a copy of the LFN.**

Soon thereafter, the Internal Revenue Service (IRS) issued an advisory concerning **The Possible Deductibility of 2018 Property Taxes Prepaid in 2017**; that advisory states that taxpayers will be able to deduct only amounts paid for property taxes already assessed and paid during the current calendar year.

The Governor's Executive Order and the Local Finance Notice have raised a number of technical complications, many of which have been brought to our attention by municipal finance professionals. We have requested further guidance from the Division of Local Government Services, but given the late date, we do not expect further guidance in the form of Local Finance Notices to be issued this calendar year.

Contact: Jon Moran League, Senior Legislative Analyst, JMoran@njslom.org, 609-695-3481 x121.

b. Issues Facing Congress as New Year Begins

Upon their return to the Capitol, Congress will need to consider several matters.

Having passed a third Continuing Resolution (CR), in lieu of an annual budget, the next Federal shut-down deadline is January 19.

The Children's Health Insurance Program (CHIP), which sunset on September 30, remains alive, thanks only to stop-gap funding included in the last two CRs. In October, 2017, New Jersey's Medicaid/CHIP program served 1.7 million of our fellow citizens.

The Deferred Action on Childhood Arrivals (DACA) program is scheduled to end on March 5, unless Congress or the President decides to extend the program's protections. According to press reports, based on various studies, this could cost New Jersey an estimated \$1.5 billion in annual GDP, since around 19,161, of the 22,000 residents who have DACA protections, are working and pay taxes and have purchasing power. Further, State and local tax revenues could drop by an estimated \$21 million, if those young workers are required to leave.

Speaker of the House Paul Ryan has stated his interest in advancing 'entitlement reform.' The White House has indicated that the long-promised infrastructure package is on the way. And the Majority Party in Congress may, again, attempt to repeal and replace the Affordable Care Act, under which New Jersey saw a 35% increase in Medicaid/CHIP enrollments.

We will do our best to keep you posted on these, and assorted federal regulatory matters, in the coming months.

Contacts:

- Jon Moran League, Senior Legislative Analyst, JMoran@njslom.org, 609-695-3481 x121.
- Frank Marshall, League Staff Attorney, FMarshall@njslom.org, 609-695-3481 x137.

III. League Conference Follow Up

a. Claim Your CEU's from the Annual Conference

Attention Municipal Officials! Do Not Forget to Claim Your CEU's from the 2017 NJLM Annual Conference! Please click on the following link to claim your credits:
<http://nj-njslom.civicplus.com/300/Conference>.

b. The Conference App is Still Available!

Misplaced your printed Session or Exhibitor Program Guide? The app can still be downloaded in your app store to reference session details or view contact information for participating consultants and exhibitors. The app will be available for download through the end of this calendar year and remains available for accessing on your device as long as it is installed.

c. Exhibits at the Annual Conference

Don't forget to follow up with the exhibitors you met during the Annual Conference! They're available to answer your questions and provide solutions to your town's issues. The full listing with contact information is available on the [interactive floor plan](#) and the mobile app.

IV. Also of Interest

a. Annual League Survey

As 2017 comes to a close, we here at the League would like to know what you thought about our services provided throughout the year.

Please forward this email to your municipal staff, administration, elected and appointed officials so they can complete our short online survey.

The link for the survey is: <http://2017annualsurvey.questionpro.com>

As of November 2, 2017, SLF has been detected within 13 Pennsylvania counties: Berks, Bucks, Carbon, Chester, Cumberland, Lancaster, Lebanon, Lehigh, Monroe, Montgomery, Northampton, Philadelphia, and Schuylkill. To date, this insect has spread to Delaware and portions of the state of New York.

Please pass this information along to your public works department or any other department that should be made aware of this important issue.

b. Commemorative Event

On behalf of the New Jersey Martin Luther King Jr. Commemorative Commission we are sharing this information with you!

There will be a commemorative event on Monday, January 15 from 3PM to 5PM at the State Museum Auditorium, 205 West State Street, Trenton. The focus will be on restorative justice; there will also be a special memorial for Ms. Edith Savage-Jennings, a founding member of the NJ Dr. Martin Luther King Jr, Commemorative Commission.

Admission is free. Please call for details: 609-633-9627.

Happy New Year to you all. Thank you to those who will be leaving public service and we welcome those who will be sworn into office for their newly appointed positions in 2018. The League looks forward to working with you to advance the interests of local governments and our taxpayers.

Very truly
yours,

Michael F. Cerra
Assistant Executive Director

