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## May 31, 2019

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**Municipal Clerks:** Please forward to Mayor, Governing Body and Department Heads.

### I. State Issues

#### a. Senate Acts on Medical Marijuana

Yesterday, the State Senate amended and then passed [S-10](#), which expands access to medical marijuana by a vote of 33-4. This legislation establishes the Cannabis Regulatory Commission (CRC) to oversee the regulation of medical cannabis in the state, including the expansion of access to medical marijuana for patients with a diagnosed medical condition and the regulation of the four types of permits authorized by the Act. Under the act, patients could obtain up to 3 ounces of medicine per month, for 18 -months, an increase from the current 2- ounce maximum. After that, the CRC will set the maximum amount that may be prescribed.

A-10/S-10 includes the following provisions:

1. Caps the number of cultivation permits to 23, with an 18- month exception to the limit for microbusiness;
2. Allows 7 alternative treatment centers to concurrently hold cultivator; manufacturer and dispensary permits. (All other entities can hold only one class of permits, and only one permit for that class.);
3. Allows the CRC to approve any medical cannabis dispensary permit holder to operate a medical cannabis consumption area, provided there is an endorsement from the municipality and permits municipality by ordinance to authorize the operations of local endorsed medical cannabis consumption areas;
4. CRC must consider proposed location including zoning approvals, provided there is a

letter or affidavit from appropriate municipal officials and there is proof of local support, such as a resolution of the governing body; and  
5. Authorizes a municipality with a medical cannabis dispensary may adopt an ordinance imposing a transfer tax on any medical cannabis dispensed by the dispensary. The rate is at the discretion of the municipality and cannot exceed 2%.

The Senate amended the bill to deal with the requirement of labor agreements at existing marijuana dispensaries, so it must be returned to the Assembly for concurrent before going to the Governor for his consideration. It is anticipated the Assembly will act on it on June 10.

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## **b. Bills Will Prevent Endless Litigation and Clarify Corporate Tax Responsibilities**

The League fully supports recently introduced legislation, which will clarify telecommunications industry business tax responsibilities, and shield local taxpayers from the costs of endless tax court litigation. The companion bills are [A-5450](#) and S-3827, and we thank the sponsors.

Relying on a misreading of a 1997 law, Verizon claims that it can exempt itself from the payment of business personal property taxes (BPPT), in any year and in any municipality, when and where it, unilaterally, determines that it provided less than 51% of dial tone service.

Since 2008, Verizon has exempted itself from payment of taxes on all of the cables and electronic equipment it houses in local switching stations in more municipalities every year. These claimed exemptions now unfairly burden residential taxpayers in hundreds of New Jersey municipalities.

Municipalities, led by Hopewell Borough in Mercer County, have been fighting these claims in court for over 10 years, now. Verizon appears to be willing to continue the litigation indefinitely.

A-5450/S-3827 would put an end to the travail. They will clarify the Legislature's intent to permanently apply the business personal property tax on local exchange telephone companies that were subject to the tax as of April 1, 1997.

See our [May 28 Town Crier blog post](#) and reporter Bob Fernandez' [May 24 Philadelphia Inquirer story](#) for details.

A-5450, sponsored by Assemblymen Burzichelli, Schaer and Karabinchak, has been referred to the Assembly State and Local Government Committee. S-3827, sponsored by Senator Turner, awaits referral in the Senate.

### **Assembly State and Local Government Committee**

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- Frank Marshall, Esq., League Staff Attorney, [fmarshall@njlm.org](mailto:fmarshall@njlm.org), 609-695-3481 x137.

### **c. Path to Progress' Pension Hybrid Plan**

As noted in the [Path to Progress Report](#), “the State’s combined pension and retiree health benefit liabilities of \$151.5 billion are four times the size of the State’s annual budget; and more than three times the size of the State’s bonded debt. That public employer debt represents \$16,772 for every one of New Jersey’s nine million residents. It will continue to grow every year. Without changes to the pension and benefit structure, the cost of pensions and benefits will rise by \$4.1 billion over the next four years and eat up 26

percent of the state budget.”

To address the strain of rising pension and benefits cost, Senate President Sweeney and Senators Oroho and O’Scanlon have introduced [S-3753](#), which establishes cash balance plans in PERS and TPAF for new public employees and employees with less than five years of service and makes various changes to PERS and TPAF retirement eligibility.

Besides increasing the retirement age to 67 years of age and increasing the years of creditable service from 25 years to 30 years, S-3753 creates a hybrid pension system for those employees hired on or after July 1, 2020, or for those with five years or less of creditable service as of July 1, 2020. Employees who have more than five years of creditable service as of July 1, 2020, will not be impacted by the changes proposed in S-3753. For more on S-3753 please see our recent [blog post](#).

The bill is part of the Path to Progress [bill package](#). In announcing the bill package Senate President Sweeney noted that “without pension & benefits reform we cannot invest in higher education or improving infrastructure. We cannot invest in the future of our state until we make long-overdue reforms.” S-3753 could lead to lower pension costs for local employers.

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#### **d. ABC Issues Renewed Special Ruling Limiting Brewery Activities**

The Division of Alcoholic Beverage Control (ABC) issued a “[Special Ruling](#)” this week, defining activities permitted under the State’s limited brewery licenses. This ruling is meant to clarify and replace a similar Special Ruling that was issued six months ago but was suspended after outcry from limited brewery license holders and the public.

Under the new special ruling, craft breweries are still subject to the 25-per-year limit on special events that can be held on their premises, which was a major sticking point in the originally proposed special ruling. However, the definition of special event is changed to include only events that are promoted through media that provide entertainment in the form of live championship sporting event broadcasts, live amplified music, or DJ performances.

The new ruling also allows limited breweries to participate in 12 off-premises events with a permit issued by the ABC that would allow them to sell beer in open containers at civic or community events. For more information please review the ABC’s [Special Ruling](#) or the [executive summary](#) highlighting the Special Ruling’s other notable changes.

At the moment the Special Ruling is merely acting as guidelines and will not be strictly enforced by the ABC. However, in the near future the ABC will engage in formal notice and comment period rulemaking processes where these guidelines will be proposed as regulations which upon adoption will be fully enforced.

We are evaluating the possible impact of the Special Ruling and will be closely monitoring any proposed rulemaking.

**Contact:**

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## II. Federal Issue

### a. National Flood Insurance Program Extension Delayed

Provisions that would grant the National Flood Insurance Program (NFIP) a four-month extension were included in a FEMA Disaster Relief bill that cleared the U.S. Senate late last week. It was believed that the bill, which the President has said he will sign, would be approved by the House on unanimous consent.

Procedural objections, however, were raised by two Congressmen. As a result, the NFIP will formally expire at midnight, Friday, May 31. This hiatus will not affect current policyholders. It will, however, prevent the issuance of new coverage.

The House is scheduled to pass the bill on Tuesday, June 4. If quickly enacted by the President, the short delay should have little negative impact.

We hope that Congress can agree on a long-term reauthorization, before the new September 30 deadline.

**Contact:** Jon Moran, Senior Legislative Analyst, [jmoran@njlm.org](mailto:jmoran@njlm.org), 609-695-3481 x121.

## III. League Conference

### a. Reserve Your Hotel for the League Conference: June 1

Preparations for the 104<sup>th</sup> Annual League Conference November 19-21 are underway and the hotel reservations system will be open for attendees and exhibitors on June 1 at the League [Conference Web page](#). There you will also see a preliminary schedule of conference sessions.

Staying in Atlantic City for the Conference is a great way to get the most from your attendance at the Conference. Staying over will maximize your time and opportunities to participate in the educational, informational, and networking opportunities offered throughout the Annual League Conference.

### b. Exhibit Booth Registration is Open!

Invite your vendors to exhibit at the 2019 NJLM Annual Conference and showcase their product or service to other municipalities. Exhibit space is already 70% sold out so contact your vendors today – or send us a note and we'll reach out to them! The 2019 Exhibitor and Sponsorship Prospectus can be [downloaded](#)

**Contact:** Kristin Lawrence, Director of Exhibition and Sponsorships, 609-695-3481 x125 or [klawrence@njlm.org](mailto:klawrence@njlm.org).

## IV. Also of Interest

### a. Register Now for the One Day Mini Conference

**Friday, June 14, 2019**  
7:30 a.m. - 5:00 p.m.  
Conference Center at Mercer  
1200 Old Trenton Road  
West Windsor, NJ 08550

For more information on the Mini Conference including Registration and Credit Details please visit the [Mini Conference Website](#).

### b. Registration Now Open for the 2019 New Jersey Sustainability Summit

**Friday, June 14<sup>th</sup> at Bell Works, Holmdel, NJ**

The New Jersey Sustainability Summit is an exceptional one-day forum, annually drawing more than 350 change-makers from across the political, private and public sectors. Participants will engage in thoughtful discussions, share best practices, hail the work that is currently being done in sustainability across the state, and identify areas for future regional collaboration. This year's Summit will be bigger and better than ever to celebrate Sustainable Jersey's 10<sup>th</sup> Anniversary! [Register and learn more](#).



New Jersey State League of Municipalities

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