

July 22, 2016

Re: Weekly Policy Update

- I. Transportation Trust Fund (TTF)
- II. Governor Conditionally Vetoes Bill on Banning Smoking in Parks and Beaches
- III. New Jersey Supreme Court Grants Petition for Certification in Important OPRA Case
- IV. Urban Enterprise Zones (UEZs)
- V. Legislative Alert: Affordable Housing “Gap” Period
- VI. Conversations on Race Relations, Justice, Policing and Equality

Dear Mayor:

I. Transportation Trust Fund (TTF) Update

Earlier today Senate President Sweeney and Assembly Speaker Prieto announced that they have reached an agreement on the reauthorization of the Transportation Trust Fund (TTF.) The Senate Budget and Appropriations Committee will likely meet next Friday to amend legislation passed by the Assembly in late June. If that occurs, the full Senate could vote on the amended legislation at the Monday, August 1 voting session.

As this is being written, we have not heard from the Governor’s office on the agreement between the Legislative Leadership.

The agreement includes the following revenues for the TTF:

- A 12.5% increase in the Petroleum Products Gross Receipts Tax;
- A \$0.04 diesel surcharge; and
- A 7% tax on non-motor-fuel petroleum products.

If the full amount of these increases is passed to consumers, it represents a \$0.23/gallon increase at the pump.

Of paramount importance to local governments, the local aid portion will be restored, as was included in earlier versions of this proposal. This has been a long-term legislative priority of the League, as well as our counterparts at the New Jersey Association of Counties. The agreement also includes the following tax relief components:

- Increase in the Earned Income Tax Credit to 40% of the federal benefit, starting in tax year 2016;
- Increase in the NJ gross income tax exclusion on pension and retirement income, phased in over 4 years to \$100,000 for joint filers. In the fifth year, seniors earning up to \$125,000 can take a 50% credit on up to \$100,000 in retirement income. Those making up to \$150,000 can take a 25% credit.

- Elimination of the Estate Tax, phased out over 3 1/2 years, replacing the current \$675,000 threshold with a \$2 million exclusion after January 1, 2017, going to the federal \$5.4 million level from January 1, 2018, to December 31, 2019, and eliminating the estate tax altogether as of January 1, 2020.
- An annual income tax deduction on up to \$500 in state gas taxes paid for all New Jersey motorists with incomes up to \$100,000.
- A \$3,000 personal exemption on state income taxes for all New Jersey veterans honorably discharged from active service in the military or the National Guard.

We will provide additional details and information as we learn more.

Contact: Mike Cerra, mcerra@njslom.org or 609-695-3481, x120.

II. Governor Conditionally Vetoes Bill on Banning Smoking in Parks and Beaches

On July 15, the Governor conditionally vetoed A-893/S-1734, which prohibits smoking at public parks and beaches. The [bill](#) would have applied to any State park or forest, county or Municipal park or State, county or municipal beach, but would exclude any adjacent parking lot outside the park or beach. However, the Governor's conditional veto limits the restrictions for state-owned property only. In his veto message, Governor Christie noted that the one-size fits all approach was an "inappropriate encroachment by the State into an area of public policy properly reserved for local governments." In addition, the Governor noted that he "continues to believe that the State should not impose its will upon our local governments, and instead continue to leave it up to towns and counties whether to ban smoking in their parks and beaches". The bill now awaits reconsideration by the Assembly.

Contact: Lori Buckelew, lbuckelew@njslom.org or 609-695-3481 x112

III. New Jersey Supreme Court Grants Petition for Certification in Important OPRA Case

The New Jersey Supreme Court has granted certification in [Paff v. Galloway Twp.](#) This important decision was previously discussed in an [April 21, 2016 letter](#). The Appellate Division held in this case that, under OPRA, a records custodian was not required to create a new record by manipulating electronic information. We will continue to keep you advised of this appeal.

Contact: Ed Purcell Esq., epurcell@njslom.org or 609-695-3481 x137.

IV. Urban Enterprise Zones (UEZs)

The League is working closely with Mayors of communities with UEZs in seeking approval of [A-2576/S-1080](#), which would extend the highly successful Urban Enterprise Zone designations for an additional ten years. The program is a key tool for continued economic development and job growth through the State. This legislation has passed both houses and awaits action by the Governor.

Specifically, A-2576/S-1080 would extend the Urban Enterprise Zone (UEZ) designation for participating cities for another 10 years, so that they may continue to benefit from the economic incentives provided under the long-running program. The UEZ Program - first created in 1983 - offers participating businesses incentives that encourage business growth and stimulate local economies. Approximately 6,800 certified UEZ businesses participate and benefit from the advantages of the UEZ program statewide. These include a number of tax and financial incentives, including tax credits to hire local workers. The program authorizes qualifying retail businesses in the UEZs to charge and collect the State's sales and use tax (SUT) at one-half of the normal rate.

The bill provides that, after dedicating 10 percent of the reduced-rate SUT revenues to the New Jersey Urban Enterprise Zone Authority:

- 1) During the first three-year extension period, the remaining revenues collected will be appropriated for use by the UEZs in these municipalities with extended UEZs;
- 2) during the second three-year extension period, 66 and 2/3 percent of the remaining revenues collected will be appropriated for use by the UEZs in these municipalities with extended UEZs and the remaining 33 and 1/3 percent will be deposited in the General Fund;
- 3) during the third three-year extension period, 33 and 1/3 percent of the remaining revenues collected will be appropriated for use by the UEZs in these municipalities with extended UEZs and the remaining 66 and 2/3 percent will be deposited in the General Fund; and
- 4) in the final year, all remaining revenues will be deposited in the General Fund.

Please contact the Governor's office and ask that he sign A-2576/S-1080.

Contact: Jon Moran, jmoran@njslom.org or 609-695-3481, x121, or Mike Cerra, mcerra@njslom.org or 609-695-3491 x120.

V. Legislative Alert: Affordable Housing "Gap" Period

We again call your attention to Senate bill S-2254 and Assembly Bill A-3821. The League supports this important legislation, which will facilitate municipal compliance and result in the production of affordable housing. Please [click here](#) for the League's Dear Mayor Advisory of May 26, which summarizes the legislation and provides links to a sample resolution. Your immediate attention on this issue is needed in order to advance this timely and needed legislation.

Contact: Mike Cerra, mcerra@njslom.org or 609-695-3481 x120

VI. Conversations on Race Relations, Justice, Policing and Equality

REAL, Race Equity and Leadership, is the NLC's effort to equip its membership with the capacity to respond to racial tension in their communities and address the historical, systemic

and structural barriers that further inequity and racism in our nation's cities. For more, please see the [League's July 20 letter](#).

Contact: Michael J. Darcy, CAE, Executive Director, mdarcy@njslom.com or 609-695-3481, x116.

Very truly yours,

Michael F. Cerra
Assistant Executive Director