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AFFILIATE NEWSWIRE

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New Jersey State League of Municipalities

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No Need to Rush: Constitutional Cap Proposal Needs Work, Other Tools Needed First

The League of Municipalities has begun to review SCR-104/ACR-131, which would allow a simple majority of those who cast ballots at a general election to amend the State's Constitution to impose a 2.5% cap on all property tax levies.

We agree with Governor Christie, who has said that municipalities also need proposed changes that would help towns avoid layoffs and get more power in bargaining with unions — not just the tax cap alone. Speaking about this cap proposal with Hoboken Mayor Dawn Zimmer, the Governor said, "If that's all we do, what we leave for Mayor Zimmer is an impossible situation." For example, a tighter cap is unworkable until the legislature advances proposals like arbitration reform. Without that, arbitration awards will continue to drive up local costs.

Accordingly, we have urged the Legislature to delay legislative action on this resolution until other management reforms and mandates relief initiatives have become law. The cap should be the final piece, not the centerpiece, of the Governor's plan. In the meantime, we want you to know that we appreciate the inclusion in this proposal of cap exceptions for the value of new ratables, for debt service and for capital expenditures. These are positive considerations.

We believe, however, that further changes could immeasurably improve the proposal. Therefore, we would welcome the opportunity to meet with the sponsors to discuss the cap: as it would work, in practice; as it relates to the proposed cap on some State spending; and as it relates to other municipal property tax problems that could be rectified by State action. And we, respectfully, ask for you to grant us that opportunity.

Among the issues that we would like to discuss are the following.

-Continued on Page 2 under Cap Proposal...

FY'11 State Budget Passes

The 2011 State Budget has been passed and the bill has been signed. In order to avoid a shut-down of State government services, an agreement among Governor Christie and Legislative Leaders from both Parties in both Houses, allowed a Republican sponsored Appropriations Act to advance, with minimal Democratic support.

The bill, which can be accessed at the Legislature's website at http://www.njleg.state.nj.us/2010/Bills/S3000/3000_11.HTM includes all of the Governor's proposed \$450 million municipal property tax relief funding cuts outlined in our March 16 letter - <http://www.njslom.org/letters/ml031610-budget-message.html> - and our March 17 letter - <http://www.njslom.org/letters/ml031710-budget.html>.

The proposed 2.5 percent constitutional cap and Governor's Toolkit will be discussed at a special legislative session. For more information on these bills please visit the Governor's Toolbox section of our website at <http://www.njslom.org/2011FY-Budget/toolbox-news.html>.

You can also keep up with the development of these bills all summer long with our Mayor's Issue alerts <http://www.njslom.org/dearmay.html> and our Legislative Bulletin at <http://www.njslom.org/bulletin.html>.

Cap Proposal Cont...(from page 1)

In addition to a constitutional cap on property taxes, don't we also need a constitutional dedication of municipal property tax relief funding?

State law requires the annual distribution of certain levels of CMPTRA and Energy Tax Receipts funding. Most of CMPTRA and all of the Energy Tax are revenue replacement programs, replacing revenues formerly collected at the local level for local use. They were never intended for State use. Despite permanent State statutes, year after year, the State has diverted increasingly larger parts of these municipal revenues into its own General Fund, thus denying our property taxpayers the benefit of this funding. If the voters are to be asked to constitutionally bind future municipal budgets to the new cap, it would be fair to ask them to also constitutionally bind future State budgets to state property tax relief statutes.

Shouldn't the proposed local cap be made more comparable to the proposed State cap?

The proposed State cap (SCR-103/ACR-130) includes exceptions for pension payments and amounts required in response to natural and other disasters. Municipalities are also required to fund annual public employee pension and health benefit increases far in excess of the 2.5% limit. They should, similarly, be able to satisfy those obligations outside of the cap. And they, too, incur excess costs in responding to blizzards, floods and other extraordinary events. In the interest of the public's health and safety, municipalities need to have the flexibility to be able to respond to events, such as those which we have seen in the past year, and which can occur at any time, in any place. It would, then, be fair to allow them the same flexibility the State intends to allow itself.

-Continued on Page 4 under Cap Proposal

RESPONDING TO THE TIME OF DECISION LEGISLATION

On May 5, 2011, Governor Chris Christie signed Senate Bill 82, amending the Municipal Land Use Law to change the "time of decision" rule. Previous court decisions gave municipalities considerable flexibility in revising ordinances after an application is filed. This new statute dramatically changes a municipality's ability to amend a zoning ordinance to affect a pending application to correct oversights, mistakes or ambiguities. The only exception is for public health and safety.

Municipalities are afforded a one-year window of opportunity to assure that their development regulations are appropriate. The New Jersey Institute of Government Attorneys (NJILGA) strongly recommends a comprehensive review by each municipality prior to the effective date of this new legislation.

For more information on this and other legal issues please visit the newly launched NJILGA official website at www.njilga.org.

*-Written by Michele R. Donato, Attorney at Law
mdnato@micheledonatoesq.com*

Pension Webinar Available for Download on League Website

The Division of Pension and Benefits, in conjunction with the Division of Local Government Services, hosted a webinar on the recent pension and health benefits reform on Monday, June 7th. The session was geared to those who administer the pension and benefits program for your municipality. The Division has archived a recording of the webinar at <http://www.state.nj.us/treasury/pensions/webinar-6-7-10.shtml> as well as other useful resources.

SIGN UP FOR LEAGUE E-MAIL NOTIFICATIONS

The New Jersey League of Municipalities maintains an E-mail registration list. This e-mail list is open to the municipal officials, businesses, and the general public. Each time the League's web site is updated you will receive an e-mail with links to the updated pages. That way you can stay on top of all of the important issues facing New Jersey municipalities.

Click on this link to register today!!!

<http://www.njslom.com/registration-general.html>

Upcoming Seminars

ARE YOU PAYING TOO MUCH FOR YOUR LEGAL NOTICES?

- **July 9-New Jersey's Economy: Stabilizing but Fiscal Problems Intensify, Rutgers, New Brunswick**
- **September 28- Taking the Mystery Out of Applying for Grants, Crowne Plaza, Monroe Twp**
- **October 5-A Review of the Open Records Public Act, Enterprise Center, Mt. Laurel**
- **October 13th-A Review of the Open Records Public Act, PNC, Holmdel**
- **October 19-Labor Negotiations, Crowne Plaza, Monroe Twp**

One way municipalities might be able to save money is to cut down on the length of their legal notices. There are only a couple items that need to be published:

1. Name of entity requesting the bid
2. Name (short description if name not sufficient) of bid
3. Date, time and place of bid opening, and where bids should be submitted
4. When and where bid packages are available and cost (if any)
5. Pre-bid meeting information
6. Affirmative language taken verbatim from the Department of the Treasury (http://www.state.nj.us/treasury/contract_compliance/pdf/pa.pdf) "Bidders are required to comply with the requirements of N.J.S.A. 10:5-31 et seq. and N.J.A.C. 17:27"
7. Requirement for bonding can be included, though it is not required

It is not necessary to include a description or location of a construction job, or a listing of line items. When you have to pay by the word for the notice to be published, shorter is sweeter.

*-Written by Joyce Miller, Purchasing and General Services Administrator
Township of Franklin*

Conference on New Jersey's Economy

On July 9, 2010 at Rutgers, The State University of New Jersey from 9:00 a.m. – 1:00 p.m. the League Educational Foundation will be hosting a program titled "Conference on New Jersey's Economy: Stabilizing, but Fiscal Problems Intensify." Please join us and some of New Jersey's most respected economists and practitioners as they examine the emergency of the Great Recession from National, New York Regional and New Jersey perspectives and explore the statewide and local fiscal impacts and how New Jersey conducts business going forward. For more information contact Suzanne Delany at 609-695-3481 ext. 111 or sdelany@njslom.com.

95th Annual Conference Highlights

The League web site has housing and session schedule information available to view and download.

Click on www.njslom.org and go to the link for 95th Annual Conference to get housing forms and a preliminary schedule of topics that will be covered in League sessions. You can also view an early list of exhibitors. Prepare a "must visit" list of vendors.

When scheduling your time at the Annual Conference, don't forget to attend the Consulting Period on Tuesday November 16 from 2:00p.m. to 4:00 p.m. where you can speak one-on-one with hundreds of consultants and State agency representatives. Also, be sure to schedule the League Business Meeting on Friday at 8:30 a.m. in the Sheraton Hotel.

SEMINAR REGISTRATION

To register for a Seminar and/or Event, please log onto www.njslom.org, click "Calendar", select your event, and fax the downloaded registration form to Suzanne Delany, Registration Coordinator, at (609) 695-0151. Should you have any registration questions, such as availability of a seminar, call Suzanne at (609) 695-3481 at ext 111, or you can email her at sdelany@njslom.com.

Any other questions regarding a NJSLOM Seminar and/or Event, please contact Danielle Holland (x 118) (609) 695-3481 email dholland@njslom.com.

Cap Proposal Cont....(from page 2)

Further, the proposed State cap can be exceeded by a 2/3 vote of each House of the Legislature. But the proposed local cap could only be exceeded by a referendum approved by *60 percent of the registered voters*. We note that this cap would become a part of our State Constitution and be applied to all future budgets, if approved by a simple majority of those voting on the question. And we are unaware of any other provision of our Constitution that would require a vote by such a super majority. We believe it would be more reasonable and more fair to allow the local unit the same flexibility the State means to give itself, and to allow an exception to the cap to be approved by a 2/3 vote of the governing body. The proposal could allow the governing body to approve an exception that would increase the levy by up to 5%, and still require the voters by simple majority to approve any increase over that level.

Shouldn't the proposed local cap explicitly allow cap banking?

The Governor has already articulated the reasons for cap banking. The current proposal leaves the question of cap banking up to the Legislature (See paragraph 8.d. of the Proposed Amendment.), where it could be authorized or denied on a year-to-year basis. To provide stability in budget planning, we think it fairer to include cap banking in the amendment.

Shouldn't it include cap exceptions that would recognize the impact of increases over which local officials have no control?

In addition to pension and health benefit costs, which are driven by State policies and by market factors, a municipality also must account for sometimes dramatic increases in utility and commodity prices. This year, for example, municipalities have reported public employee health benefit cost increases ranging from 7% to 17%. Utility costs have climbed by 4% to 16%. Motor vehicle fuel costs have jumped, at 5% to 20% rates. And public employee pension costs rose by as much as 12%. Fitting such increases under an arbitrary and artificial 2.5% cap will force reductions in other areas. Unless the proposal accounts for the impact of such factors beyond the control of any local officials, a tight, hard cap will cause severe cutbacks to the quality of life programs and services that all New Jersey citizens depend on.

Shouldn't the proposal redefine the "debt service" exception as "capital improvement financing" to allow local units to meet capital needs through, for example, leasing or 'pay-as-you-go' options, as well as through debt service that redeem bonds?

Here again, the proposal allows the Legislature to define the 'debt service' and 'capital expenditures' exceptions. We think it better to clearly delineate these options in the proposed amendment.

We believe that these and other issues need to be considered in order to make the Administration's 'toolkit' package an even more valuable asset for local officials, struggling to serve their fellow citizens effectively, efficiently, economically and ethically.

We look forward to working with all of our Affiliates on these, and other, policies aimed toward economic recovery, and a better future for all the people of our Garden State.

-Written by Jon Moran at 609-695-3481, ext. 121 or email jmoran@njslom.com.

**LEAGUE PUBLICATIONS
AVAILABLE FOR PURCHASE**

Go to <http://www.njslom.org/Publications.html>

2009-10 Elected Officials Handbook *UPDATED*
2010 Federal Directory
2010 Municipal Personnel Policies
2010 New Jersey Local Government Desk Book
2010 Legislative Bulletin

For information contact Becky Wright at 609-695-3841 ext. 110 or bwright@njslom.com

Taxpayer's Dollar: "Don't Pass the Buck to NJ's Property Taxpayers!"

The latest version of A New Jersey Taxpayer's Dollar is now available on the League website. Based on tax receipts information reported by the Department of Community Affairs and the Office of Legislative Services, it illustrates our State's chronic over-reliance on the property tax to fund essential public programs and services.

The Dollar explains that 44% of all State and local taxes collected in New Jersey were collected through local property taxes. (The national average is around 30%.) 21% of total taxes were collected through the State Income Tax. (The national average is 22.5%.) The State Sales Tax (The national average is 34.5%.) and all other State collected taxes, which includes cigarette taxes, liquor taxes, motor fuels taxes, etc., (The national average is 8.6%.) accounted for 15% each. And State Corporation Taxes account for 4% of the total. (The national average is 4.4%.)



We invite you to use copies of the Dollar to graphically demonstrate to your constituents our continuing need for meaningful and sustainable property tax relief and reform. We hope you find it useful.



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Visit our website at www.njslom.org

Have an issue that you think should be addressed in this newsletter? Please send articles of 150 words to dholland@njslom.com

Deadline for September Newsletter: **August 15th, 2010**

The New Jersey State League of Municipalities is a voluntary association created to help communities do a better job of self-government through pooling information resources and brain power. It is authorized by State Statute and since 1915, has been serving local officials throughout the Garden State. All 566 municipalities are members of the League. Over 560 mayors and 13,000 elected and appointed officials of member municipalities are entitled to all of the services and privileges of the League.