

March 2, 2018

**RE: WEEKLY UPDATE**

- I. State Issues
- II. Federal issues
- III. League Conference Follow-up
- IV. Also of Interest

Dear Mayor:

NJDOT has upgraded their grant funding system – SAGE. The Department will be providing training for all users to learn about the system enhancements. For more information, check out the first item under “Also of Interest”.

**I. State Issues**

**a. S-5, Bill to Transfer PFRS to a Labor-Management Board Held**

On Monday, the Senate held [S-5](#), which transfers the management of Police and Fire Retirement System (PFRS) to a Board of Trustees of PFRS. It is our understanding that the bill was held to be amended to either reinsert or address the 80% target fund ratio provision. The bill’s removal of that requirement is one of the major objections raised by the League, the Association of Counties, and the Conference of Mayors. From news accounts, we understand that Senate President Sweeney is open to considering some changes to the bill. Therefore, we ask that you please **contact and ask your State Senator to oppose this bill, until it is amended to add the necessary safeguards advocated by the League, the Conference of Mayors, and the Association of Counties.** For more please see our [February 27 letter](#). It is anticipated that the bill will again be before the full Senate on March 26.

**Contacts:**

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

**b. Weakened UEZ Bill Wins Senate Approval**

The Senate has approved a [Committee Substitute for S-846](#), a weakened version of the bill that was originally intended to reauthorize and extend the life of Urban Enterprise Zones (UEZs) in qualifying municipalities.

The prior version of the bill, which was approved by the Senate Economic Growth Committee in January, would have extended the duration of each previously designated UEZ for 10 years beyond their current expiration date. It would also have reauthorized the UEZs in five municipalities, where the program sunset on January 1, 2017.

The substitute bill, which is now headed over to the General Assembly, reauthorizes the program in those five towns – Bridgeton, Camden, Newark, Plainfield, and Trenton – until September 30, 2019. The bill also directs the Urban Enterprise Zone Authority to conduct a study of the program. That study, including findings and recommendations, will need to be delivered to the Governor and the Legislature, before March of next year.

Though we preferred the prior version of the bill, we support the Committee Substitute for S-846, which will likely join companion legislation, A-3549, for consideration by the Assembly Commerce and Economic Development Committee. Please ask your representatives in the General Assembly to support this effort.

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

### **c. CY 2019 Budget Update**

The Division of Local Government Services issued [Local Finance Notice 2018-09](#) announcing the realignment of the timeline for the implementation of the Financial Automation Submission Tracking (FAST). The Division has decided to defer the mandatory use of FAST for Calendar Year budget submissions until 2019. While the budget submission has been delayed, the submission requirements for the Annual Debt Statement and Annual Financial Statement remain the same.

The data entered into the budget system to date will remain in the system and will be available for final updating, as soon as all the testing has completed. As a result, User-Friendly Budgets may be submitted on paper or can be generated from FAST, once the 2018 Budget information has been entered into the system. The Division will recognize an allowance of time beyond the User-Friendly Budget deadline for submissions generated by FAST.

State Fiscal Year municipalities should expect to file their SFY19 budget using FAST. The Division will be issuing periodic updates prior to the SFY19 budget submission deadlines.

We suggest you review this Local Finance Notice with your Chief Financial Officer.

**Contact:** Lori Buckelew, Senior Legislative Analyst, [lbuckelew@njslom.org](mailto:lbuckelew@njslom.org), 609-695-3481, x112.

### **d. NJ Senate Passes Bill to Blunt Impact of Federal Cap on SALT Deduction**

Earlier this week, the State Senate voted on and passed [S-1893](#), a bill which would permit local governments (municipalities, schools, counties, fire districts or special districts) to set up charitable funds and would authorize anyone who contributed to these funds to be entitled to a partial credit against their property taxes. S-1893 was introduced in response to the recent changes in federal tax law, which include a \$10,000 cap on deductions for State and Local Taxes (“SALT”).

At this time, Assemblyman McKeon has proposed for introduction the companion bill, A-3499. We will be sure to keep you updated on this issue as it develops.

**Contact:** Frank Marshall, Esq., League Staff Attorney, [FMarshall@njslom.org](mailto:FMarshall@njslom.org) or 609-695-3481 x. 137.

### **e. Pension Assumed Rate of Return Adjusted**

Yesterday, Acting State Treasurer Elizabeth Muoio announced a change to the assumed rate of return for the pension funds. In November, the State lowered the assumed rate of return from 7.65 percent to 7.0 percent, a move that would have increased local government employer pension contributions by more than \$400 million in 2019. In a move that will soften the rate reduction’s impact on State and local budgeting, Acting State Treasurer Muoio will phase in the lower assumed rate of return over the next five fiscal years, as follows.

- A 7.5 percent statutory assumed rate of return, effective for the fiscal year 2019 employer contribution requirements, to be reflected in the revised 7/1/17 statutory actuarial valuations. The rate will remain at 7.5 percent for the 7/1/18 statutory actuarial valuations, which determine contribution requirements for the fiscal year 2020.
- A 7.3 percent statutory assumed rate of return for fiscal years 2021 and 2022 employer contribution requirements, which will be reflected in the 7/1/19 and 7/1/20 actuarial valuations.
- A 7.0 percent statutory assumed rate of return effective for the fiscal year 2023 employer contribution requirements to be reflected in the 7/1/21 statutory actuarial valuations.

**Contact:** Lori Buckelew, Senior Legislative Analyst, [lbuckelew@njslom.org](mailto:lbuckelew@njslom.org), 609-695-3481, x112.

## **II. Federal Issues**

### **a. Reports Indicate New Jersey to be Spared the Threat of Off-Shore Drilling**

After a Tuesday meeting with U.S. Interior Secretary Ryan Zinke, New Jersey Congressmen Chris Smith, Frank LoBiondo, Leonard Lance and Tom MacArthur expressed confidence that the federal government will not be opening sites off the Jersey shore to oil and gas exploration.

On January 4, the Administration stated its intention to open the entire Continental Shelf to drilling. Since then, local officials up and down the shore have registered their opposition to the proposal.

On behalf of officials in municipal office, up and down New Jersey's maritime coast; on behalf of the workers and businesspeople whose livelihoods depend on the health of our coastal waters; on behalf of the millions of visitors who annually visit our ocean and bay beaches for rest and recreation; and on behalf of the millions who count on our saltwater fisheries for nourishment and enjoyment; the League of Municipalities objected to this plan to permit oil and gas exploration on any sites off our Atlantic shores

If enacted as proposed, this proposal would put at risk a fragile and priceless ecosystem that supports an irreplaceable and diverse array of marine life. Further, Atlantic Coast drilling will jeopardize New Jersey's \$38 billion tourist industry, which has just recovered from the havoc wreaked by Superstorm Sandy. Tourism in New Jersey provides 312,000 jobs to our Garden State friends and neighbors. These could also be lost when faulty drilling operations, sabotage or a natural disaster result in a spill.

Congressman LoBiondo cautioned against over-confidence, stating, "I don't think we can let up." He has urged all concerned parties to continue expressing their opposition to the plan. Interior's Bureau of Ocean Energy Management is holding a series of public meetings. Those who cannot attend a session can comment at [www.regulations.gov](http://www.regulations.gov). This deadline for submission of comments is March 9.

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

## **III. League Conference Follow- Up**

### **a. Claim Your CEUs from the Annual Conference**

Attention Municipal Officials! Do Not Forget to Claim Your CEUs from the 2017 NJLM Annual Conference! Please click on the following link to claim your credits: [www.njslom.org/confceu](http://www.njslom.org/confceu).

### **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. NJDOT SAGE Training**

NJDOT is upgrading their SAGE system to a newer version, IG 16, on March 26, 2018. Their intention is to make this transition seamless and provide training for the Counties, Municipalities, and SAGE users. The training will give everyone an opportunity to learn more about the enhanced features and get the new look and feel for the upgraded SAGE. Further, it will highlight the differences between the existing system and the new system, and also walk users through a sample application submission process.

Training sessions for all users are scheduled as follows:

- Thursday, March 8 – Two sessions
- Thursday, March 15 – One session

The training announcement and registration information are available on the Local Aid website at [www.state.nj.us/transportation/business/localaid](http://www.state.nj.us/transportation/business/localaid)

You can also find the training announcement on the SAGE Login: <https://njsagelegacy.intelligrants.com>

If you have any questions or comments, please contact the Local Aid Technology Solutions Group at [DOT-LocalAid.TechSolutions@dot.nj.gov](mailto:DOT-LocalAid.TechSolutions@dot.nj.gov) or Kevin Israel, Director, Office of Community and Constituent Relations, NJDOT at 609-530-2110, [kevin.israel@dot.nj.gov](mailto:kevin.israel@dot.nj.gov).

### **b. LEAD Marijuana Symposium**

Law Enforcement Against Drugs (LEAD) is holding a marijuana symposium in conjunction with its annual conference March 18-20 in Atlantic City.

It will take an agnostic look at marijuana, legal or not; including national and international presenters in the fields of health, law, and policy. For details, [click here](#).

Sincerely,

Michael J. Darcy, CAE  
Executive Director