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I. State Issues

a. Governor Conditionally Vetoes S-5.

On Thursday, Governor Murphy [conditionally vetoed](#) S-5, which would transfer the management of the Police and Fire Retirement System (PFRS) to a Board of Trustees comprised of Labor and Management representatives. In his veto message, Governor Murphy noted that he is confident that his recommended changes “strike an appropriate balance by both empowering the new board with management of PFRS while continuing to protect the stability of the State’s pension funds, the expectations of PFRS members and, ultimately, the financial interests of the taxpayers of this State.”

Our opposition to S-5 was based on the failure to provide adequate protections and safeguards for property taxpayers. We thank the Governor for recognizing the original bill would put our property taxpayers at risk, unless substantive changes were made. While we pushed for even more protections, we appreciate that the Governor’s conditional veto recommends safeguards and protections that were not in the original legislation.

The earliest the conditional veto can be considered by the Senate, the house of origin, is June 7. For more on the conditional veto [please see the League’s May 10 alert](#).

Contacts:

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- Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481, ext. 112

b. Governor’s ETR Budget Proposal and History’s Hard Lessons

In a recent meeting with the State Treasurer, League President Mayor Jim Cassella of East Rutherford voiced our concerns with a key piece of Governor Murphy’s State budget proposal. Mayor Cassella had previously raised those concerns in his testimony before the respective Legislative Budget Committees.

As previously reported, the Governor’s proposal would shake the foundations of the Energy Tax Receipts Property Tax Relief Fund (ETR), which, for more than 20 years, has delivered reliable and significant property tax relief to municipal home- and business-

owners, all around our Garden State.

Specifically, the Governor's proposal would zero-out the ETR, which has always been funded through taxes (Sales and Corporate) levied on energy supplying utilities. In lieu of the ETR, funding would be derived through the Income Tax. This change, we have been told, will be effected not by the passage of a new statute, but instead by the insertion of new budgetary language.

In a recent post on the League's Town Crier blog, we try to explain the State's reason for suggesting this action, and the reasons for our strong opposition. In short, from the State perspective, this shift would give State budget makers \$788.5 million to spend on other priorities. In short, from our perspective, the reshuffling could jeopardize future ETR funding.

We see two concerns with the proposal. First, it would open the lock box that has ensured the annual ETR distributions would meet the minimum requirements of the statutes, since 1997. Second, this wouldn't be the first time that the State has used budget language to give itself greater spending discretion. The last time it happened led, over several years, to the deterioration of CMPTRA property tax relief. We need assurance that ETR property tax relief will not suffer the same decline.

You can access the Town Crier piece at

<https://njlmblog.wordpress.com/2018/04/30/governors-etr-budget-proposal-and-historys-hard-lessons/>.

Contact: Jon Moran, Senior Legislative Analyst, jmoran@njslom.org, 609-695-3481, ext. 121

c. Division Issues Guidance on Charitable Contribution Law

The Division of Local Government Services has issued [Local Finance Notice 2018-15](#), providing an overview of the new Charitable Contribution Law (for more please see our [blog post](#) on the topic). In the Local Finance Notice, the Division notes that regulations must be promulgated to address "a variety of issues such as budgeting, tax collection, financial administration, mortgage servicing, and property tax relief programs including Homestead Credit and Senior Freeze."

They further caution that "the law's enactment does not guarantee that the Internal Revenue Service (IRS) will consider contributions to local unit charitable funds to be a permitted deduction from a taxpayer's federal income tax obligation."

We will continue to keep you posted on further developments.

Contact: Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481, ext. 112.

II. Federal Issue

a. White House Looks to Rescind Budget Agreement

On Tuesday, the President formally requested that Congress rescind monies for certain programs, which were funded in the March bipartisan compromise. That agreement prevented a government shut-down. Both Houses must approve the \$15.4 Billion clawback request within 45 days or the money will remain in the 2018 spending plan. This is the largest single rescission request, ever, and the first such initiative in nearly 20 years.

This is expected to be the first such request. But others will likely follow, as previous press reports have estimated that the Administration hopes to clawback \$60 billion, in total. We remain worried that Amtrak Gateway funding could be jeopardized.

Much of the funding included in this current request represents unobligated spending, included in accounts of programs no longer in operation. Those rescissions will not reduce the federal deficit. For example, the request would eliminate \$4.3 billion from the Advanced Technology Vehicles Manufacturing Loan Program in the Energy Department, which the White House says has not issued a loan since 2011; leftover funds designated for the Ebola outbreak that has since been quashed; and \$800 million from the Center for Medicare and Medicaid Innovation, which the White House says is due to receive an automatic top-up from mandatory spending anyway.

The most controversial of the cuts included in this request could recoup assets from Children's Health Insurance Program (CHIP) accounts.

In addition to questions about proposed cuts to certain programs, a number of legislators from both parties are concerned that the move could have long-term repercussions, and endanger future bipartisan cooperation on any spending bills.

Contact: Jon Moran, Senior Legislative Analyst, jmoran@njslom.org, 609-695-3481, ext. 121

III. League Conference

a. Exhibits at the Annual Conference

Do you know a vendor that would be a good fit for the Annual Conference? If so, ask them about being an exhibitor or have them contact Kristin Lawrence, Exhibit Manager, at 609-695-3481, ext. 125 or klawrence@njslom.org. Information is also available on njslom.org/exhibit.

IV. Also of Interest

a. League New Website Announcement

In case you missed it, the League recently launched a completely redesigned website; a project NJLM staff has been working on for nine months. Our web address remains the same, www.njslom.org, but the site has a completely different look and interface, which will improve user convenience. Some of the many new features of the site include:

- Subscription options for tailored alerts (for instance, users can subscribe to receive alerts when the job/RFP page is updated, or to receive emails each time a seminar is added to the seminar calendar). [Click here](#) to subscribe to alerts.
- Improved and responsive search function.
- A rotating photo banner atop each webpage with photos highlighting the state's many great features and locations, and currently featuring our recent Show Off Your City contest winner—Verona Township!
- A site map and quick links to aid site navigation.

We hope that the new site improves your experience navigating the League's website!

b. Special Alert from the Department of Agriculture

The Department of Agriculture is asking municipalities to report any findings of Spotted Lanternfly to the Department either by email to SLF-plantindustry@ag.nj.gov or call the New Jersey Spotted Lanternfly Hotline at 1-833-223-2840 (BADBUG0) and leave a message detailing your sighting and contact information.

This insect has the potential to greatly impact the overall agricultural industry of the state especially the grape, hop, small fruit, vegetable, and horticultural industries.

The Spotted Lanternfly, *Lycorma delicatula*, is an invasive planthopper native to China, India, Vietnam, and Korea that has been found in 13 counties in Pennsylvania and may be spreading into New Jersey. This insect is an excellent hitchhiker, so movement to and from the current quarantine areas in Pennsylvania can provide an excellent opportunity for its spread to new locations.



c. Correct Version of the State Flag

The League would like to encourage municipalities to purchase the correct version of the State flag.

On behalf of the New Jersey State Treasury Printing Service, we are distributing this information so that municipalities will be aware of the correct and approved version of the New Jersey state flag when making flag purchases from vendors.

Displayed below is the state approved image for use on the flag. Please note that the underskirts of the goddesses are Argent (silver) as set forth by the New Jersey legislature in 1928.

Non-approved versions show the underskirts incorrectly in blue. Presumably, these came into existence during the 1990's with the advent of desktop publishing. Over time, lacking properly approved digital files, the incorrect versions spread and were used on the state flag.

Earlier this year, 50 of the most prominent flag manufacturers and retailers were alerted as to what was the correct version and provided with digital art files upon request.

When purchasing New Jersey state flags for display, please ensure that you are purchasing a flag with the correctly colored image.

Thank you for your cooperation.



New Jersey State League of Municipalities

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