
THIS WEEK IN TRENTON



PUBLIC STRATEGIES IMPACT
GOVERNMENT RELATIONS • PUBLIC AFFAIRS
ASSOCIATION MANAGEMENT

414 River View Plaza, Trenton, New Jersey 08611-3420 • Phone: 609.393.7799 • Fax: 609.393.9891 • www.njpsi.com

May 13, 2010

Christie Proposes Property Tax “Tool Kit”

Governor Christie this week proposed a 33-bill package which will, among other things, put a hard cap on property tax increases and state spending at 2.5 percent. The centerpiece of the legislative package is "Cap 2.5," a constitutional amendment creating a 2.5% cap on the increase in the property tax levy by municipal, school and county taxes and a 2.5% cap on spending for State government operations. Under Governor Christie's proposal, the property tax levy cap allows for adjustments in the event a municipality adds new ratables, and provides a single exclusion from the cap: debt service payments. The 33 specific legislative reforms are:

- 1) Constitutional amendment to impose a 2.5% cap on increases in the property tax levy increases for municipal, school and county taxes, cap banking is allowed.
- 2) Constitutional amendment to place a 2.5% cap on spending for State government operations (excluding state aid to municipalities and school districts and direct property tax relief); cap banking is allowed.
- 3) Reform in selection of arbitrators for union contracts.
- 4) Arbitrators are mandated to consider impact of union contracts on property taxes, no such requirement in current law.
- 5) Arbitrators are barred from making contract awards that exceed 2.5% cap, inclusive of all salary, benefit and other economic contract provisions.
- 6) Pension benefit reform - eliminate eligibility for State retirement systems for non-government groups and associations.
- 7) Pension benefit reform - cap sick leave and carry forward of vacation for current employees.
- 8 - 9) Shared services reform - when local units decide to share services current law requires buyout of union contracts, bumping and other civil service protections that destroy the efficiencies of the merger; this proposal eliminates certain civil services protections when services are shared. (2 bills required to amend different statutes).
- 10) Allow furloughs by local government to save costs.
- 11) Allow counties and municipalities to opt out of civil service municipalities by ordinance or referendum initiated by 15% of the voters.
- 12) Public employee discipline reform – reclassify many offenses as minor to avoid lengthy and costly hearings for relatively trivial infractions.
- 13) Police employee discipline reform – reclassify many offenses as minor to avoid lengthy and costly hearings for relatively trivial infractions.
- 14) Firefighters discipline reform – reclassify many offenses as minor to avoid lengthy and costly hearings for relatively trivial infractions.
- 15) Employee discipline reform – revise appeal process of employee disciplinary hearings to

reclassify many offenses as minor.

- 16) Revise layoff rules to allow less senior, but more essential employees to avoid bumping.
- 17) Give Civil Service Commissioner more day-to-day control as when the Department of Personnel was a freestanding department.
- 18) Increase testing and appeal fees for civil service promotional exams.
- 19) Allow Civil Service Commissioner to make seasonal appointment for 9 months.
- 20) Allow municipalities to offset property tax refunds against State income tax refunds.
- 21) Expand parties that may bring challenges to Council on Local Mandates to include groups, like the League of Municipalities. (Currently, only individual municipalities can do this and is too costly for one town to "go it alone.")
- 22) No school contract award in excess of 2.5% cap, inclusive of all salary, benefit and other economic contract provisions.
- 23) School districts could once again impose a "last best offer" contract under certain circumstances.
- 24) Executive county superintendents approval of all union and superintendent contracts. No approval of contracts with:
 - Salary / benefit increases exceeding the 2.5% cap;
 - Pupil contact time per day as set by regulation;
 - Minimum number of work as set by regulation;
 - Prohibition on contracting out auxiliary / ancillary services.
- 25) Executive county superintendents would be required to implement sharing of school business functions across districts and with municipalities.
- 26) Pension reforms similar to those affecting municipalities.
- 27) Revise fact finder decision standards (when awarding a new employee contract) to account for decrease in state aid level, effect on tuition, and benefits already provided to employees.
- 28) Designate State colleges and universities as employer of record for collective bargaining.
- 29) Allow state colleges and universities to hire faculty members for a probationary period.
- 30) Remove classified employers from Civil Service status and include them within each institution's personnel system.
- 31) Allow separate workers compensation program management for college and universities.
- 32) Require only single ballot to each household instead of multiple ballots to all voters residing in household.
- 33) Move school and fire elections to November.

Budget Committees Release "Millionaire's Tax, Senior Restoration Legislation"

The Senate Budget and Appropriations Committee and the Assembly Appropriations Committee today released legislation that would set the income tax rate on those earning \$1 million at 10.75 percent in the 2010 taxable year. The current rate for those taxpayers is 8.97 percent. The Committees also released legislation restoring property tax rebates to seniors and the disabled and eliminating language in the Governor's proposed budget placing a \$310 deductible on senior and disabled citizens in the Pharmaceutical Assistance to the Aged and Disabled prescription drug program and 23,000 senior citizens enrolled in the Senior Gold prescription drug program and eliminating language doubling prescription drug co-payments on those senior and disabled citizens. The bills are tie-barred, meaning that both must be passed and signed into law for either to become effective.

Senate President Stephen Sweeney and Assembly Speaker Sheila Oliver expect their respective houses to pass both bills on Thursday, May 20. Governor Christie has vowed to veto them.

Christie Outlines Affordable Housing Policy

Governor Chris Christie today outlined his plan for affordable housing designed to create a standards-based, municipally controlled system with minimal involvement from the State. Under the new system, the Council on Affordable Housing (COAH) and State-imposed housing obligations will be abolished and locally directed obligations to build low and moderate-income housing will be created. The current 2.5% commercial development fee would be repealed.

The Governor's proposal calls for a 10 percent affordable housing unit requirement in development projects greater than 10 units (i.e. 2 affordable units for a 20 unit development), and requires a payment to a municipal affordable housing trust fund for projects between 2 and 10 units. The Governor recommends provisions to give priority housing trust funding for projects that provide special needs housing.

Under the proposal municipalities will have an increased role in determining their affordable housing needs. Municipalities will be required to conduct an inventory of existing affordable housing to determine what housing must be rehabilitated. The municipality must then formulate a plan to accomplish the rehabilitation. New affordable housing construction will be tied to future housing development. Depending on the size of the residential development, affordable housing must be provided either on-site, off-site, or through a payment to the municipality's affordable housing trust fund in lieu of actual construction. Municipalities would be able to use funds in their affordable housing trust funds to support housing rehabilitation within their own municipality or in other municipalities which have significant rehabilitation needs but limited resources. Special needs housing will be given priority for both development and funding. With regard to zoning, municipalities seeking to comply must demonstrate that undeveloped residentially-zoned land and redevelopment will accommodate the affordable housing requirement. A municipality seeking protection from legal challenges and court-imposed remedies must develop and adopt a housing element as part of their municipal master plan.

State involvement in the new process will be substantially reduced. State affordable housing quotas will be abolished. The Department of Community Affairs will file municipally approved housing plans and make them publicly available. If challenged, the Department of Community Affairs will conduct a review of municipal plans, which is limited to a determination that the plan is factually accurate and consistent with the law. The Department will continue to administer the State Affordable Housing Trust Fund.

Six months after the enactment of proposed legislation, the Fair Housing Act will be repealed and COAH will be abolished. Affordable housing plan certifications granted by COAH will remain in effect and are afforded the continued legal protections until the certifications expire. Municipalities with pending certification requests are permitted to pursue those certifications or may withdraw and develop new plans consistent with the new proposed law.

Legislative Calendar

This week the Senate held Group 1 and 2 Committee meetings and Group 3 and 4 Committee meetings. The Assembly held Group C and D Committee meetings. Next week both the Senate and Assembly will hold voting sessions on May 20. The Senate Budget and Appropriations Committee will receive a revenue update from the Office of Legislative Services and the Treasurer on May 18 and the Assembly Budget Committee will receive similar updates on May 19. The Assembly will also hold a public hearing on the Governor's proposed budget on May 17.

