

PRESS CONFERENCE ON BINDING INTEREST ARBITRATION AWARDS

11:00 a.m. December 18, 2017

New Jersey Association of Counties

150 West State Street, Suite 220, Trenton, New Jersey

1. Welcome Remarks
2. Recognize County Officials & Municipal Officials
3. Acknowledge Coalition Members
4. James Cassella, *Mayor of East Rutherford & NJSLOM President*
5. Heather Simmons, *Gloucester County Freeholder & NJAC President*
6. Honorable DeClan O'Scanlon, *Assemblyman R-13*
7. Honorable John Wisniewski, *Assemblyman D-19 (Invited)*
8. Tom Bracken, *NJCC President & CEO*
9. Question and Answers

On behalf of the collective organizations listed below, we're urging the Legislature and Governor Elect Phil Murphy to support permanently extending the 2% cap on interest arbitration awards. This is a critical issue for all of our organizations, as the expiration of the cap will have a negative impact on property taxes and jeopardize the continued delivery of critical services as well as adversely impact residential and commercial property taxpayers, working class families and those on fixed incomes.

As you know, the 2% cap on binding interest arbitration awards, first enacted in 2010 and extended for an additional three years in 2014, empowers municipalities and counties across the State to effectively control public safety employment salaries and personnel costs. In general, local governments dedicate the majority of their overall annual operating budgets to employee salaries, wages, health benefits, and other related costs. In addition to these considerable expenses, local governments face a 2% property tax levy cap, which is permanent. The expiration of the interest arbitration cap with the permanent 2% levy cap will create an untenable position. Failure to permanently extend the 2% cap on binding interest arbitration awards will allow arbitrators to once again award generous contracts that will force municipal and county governments throughout the State to further reduce or even eliminate essential services, critical personnel, and long-overdue infrastructure improvement projects. Further, local governments may be forced to go to the voters, as the result of the decision of an unelected arbitrator, to ask to go above the 2% levy cap just to maintain some level of services.

In addition to this, please consider the combined impact on property taxpayers and the business environment from the potential expiration of the interest arbitration cap and the proposed federal tax reform bills, currently making their way through Congress. In

particular, the repeal of the State and Local Tax (SALT) deduction, and its substitution by an artificially capped property tax deduction, and the elimination of the tax exemption for interest earned on Private Activity Bonds (PABs), which is included in the House bill, would have a devastating effect on property taxpayers, job creation and the cost of capital projects. Further, elimination of federal tax breaks on advanced refunding bonds, which is included in both bills, will unnecessarily and unfairly saddle taxpayers with higher costs. The combination of this federal tax package and the expiration of a cap that has contained property tax increases will be devastating to New Jersey taxpayers and businesses alike and further erode our ability to compete for private sector investment and jobs.

While we all have the utmost respect and admiration for the police, firefighters, correction officers, and sheriff officers who put their lives on the line every day to protect the communities in which they serve, we must recognize that our State, local governments, and property taxpayers are struggling to make ends meet. The 2% cap has proven to be an effective tool for controlling cost without impacting the recruitment, retention or response of our public safety officials. With this in mind, we respectfully request your immediate support of legislation that would permanently extend the 2% cap on binding interest arbitration awards.

Submitted on behalf of the following:

Commerce and Industry Association of New Jersey
Government Finance Officers Association of New Jersey (GFOANJ)
International Council of Shopping Centers (ICSC), NJ Chapter
NAIOP New Jersey
New Jersey Association of Counties (NJAC)
New Jersey Association of County Finance Officers (NJACFO)
New Jersey Builders Association (NJBA)
New Jersey Business & Industry Association (NJBIA)
New Jersey Chamber of Commerce (NJCC)
New Jersey Conference of Mayors (NJCM)
New Jersey League of Municipalities (NJLM)
New Jersey Municipal Management Association (NJMMA)
New Jersey Realtors (NJR)
New Jersey Urban Mayors Association (NJUMA)