

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice

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LEGISLATIVE UPDATE

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SUNSHINE LAW

SENATE, NO. 1351 (*Weinberg D-37*), which revises the law concerning meetings of public bodies to provide greater public access to meetings and to information about such meetings. The Senate State Government, Wagering, Tourism & Historic Preservation Committee favorably reported a Senate Committee Substitute of the legislation earlier this Afternoon, and we'll make sure to provide you with a copy as soon as one becomes available to the general public.

LEGAL NOTICES

ASSEMBLY, NO. 2082 (*Bramnick R-21/Countinho D-29*), which permits the publication of legal notices by governments and individuals on an official government website instead of a newspaper. The Assembly Commerce and Economic Development Committee will consider this bill on February 3rd. NJAC supports the legislation as it will provide county governments with the option of either publishing legal notices in a newspaper as required under current law or posting such notices on its official county website if such a strategy proves cost effective. Pursuant to a broad-base survey completed by our county administrators, finance officers, and purchasing officials, county governments spent approximately \$1.2 million on publishing mandated legal notices in various newspaper publications in 2009. The Senate companion version S-2072(*Stack D 33*) is on Second Reading in the Upper House.

COOPERATIVE PURCHASING

ASSEMBLY, NO. 2786 (*Greenwald D-6*), which permits local units to participate in cooperative purchasing agreements through the use of a nationally-recognized and accepted cooperative purchasing agreement that has been developed utilizing a competitive bidding process by another contracting unit within the State, or within any other state, when available. NJAC supports this legislation in concept as it's permissive and promotes shared services.

COUNTY CURB REPAIR

On February 7th the Senate Transportation Committee will consider **SENATE, NO. 2450 (O'Toole R-40)**, which requires counties to fix curbs and surrounding areas when damaged during county road projects. We've already spoken to the sponsor about our concerns with this legislation and will be working on appropriate language that makes the bill more palatable for county governments. In summary, current law requires counties to maintain county roadways inside the curbs, and municipalities or private owners to maintain the curbs and surrounding areas. In general, statewide county practice is to repair any curb damage caused directly by the county or its subcontractors during county road projects. As currently written, this legislation requires counties to maintain the curbs in addition to the roadways; and, does not take into consideration the age, condition, or neglect in maintaining curbs or surrounding areas by municipalities or private owners. Please find a copy of the bill attached for your review.

TAX CAP LEVY RESTRICTIONS

If you haven't done so already, please contact your legislator as soon as possible about this significant issue impacting county government. Please find copied below, NJAC's official position statement.

TWO CAP CALCULATIONS

County governments *must* prepare their budgets pursuant to both the "1977 Cap Law" and the "2010 Cap Law," and then use the more restrictive one as its cap calculation for 2011.

The "2010 Cap Law" imposes a 2.0% cap on local government spending, with certain cap exceptions for capital expenditures; debt service; pension contributions in excess of 2.0%; increases in health care costs in excess of 2.0%, but not greater than the percentage increase of the State Health Benefits Program (SHBP); and extraordinary costs incurred by a local unit directly related to a declared emergency. The new law also eliminates waivers; provides that local governments may only exceed the 2.0% cap levy restriction by a local cap override approved by a majority of the voters; and authorizes the use of cap banking for three years.

The "1977 Cap Law" imposes a cap of either 2.5% or the Cost of Living Adjustment (COLA), which ever is less, of the previous year's county tax levy. Please note that the Cost of Living Adjustment (COLA) rate for FY 2011 is 2.0%; and as such, counties must use this figure in their calculations. Although this cap restriction contains certain cap exceptions for capital expenditures; debt

service; emergency appropriations; and several others, it does not contain an exception for pension contributions and limits the exception for health expenses for such expenses incurred over 4.0%. Additionally, the use of cap banking is restricted to two years.

ISSUES

- The formulation of two complex; yet significantly different cap calculations, imposes an undue burden on county governments that other local governments do not endure.
- County governments exercise little control over pension expenditures as such employer contributions are dictated by the Division of Pension and Benefits.
- Pension expenditures are becoming increasingly more difficult to manage at the local level; and, both the Administration and Legislature recognized this challenge by including pension contributions in excess of 2.0% as an exception under the “2010 Cap Law.”
- Salary, wages, and health benefits make up to 50% of a county government’s overall operating budget with seemingly no end in sight to annual double digit increases in health care costs.

RECOMMENDATIONS

All twenty-one counties and the New Jersey Association of Counties (NJAC) urge the Administration and Legislature repeal the “1977 Cap Law” as it’s contrary to leaderships’ intent to limit cap exceptions and streamline the cap calculation process; imposes an undue burden on county governments to formulate two separate and distinct cap calculations; does not contain a necessary exception for pension contributions; and limits the exception for ever increasing health care costs. Although a repeal of the “1977 Cap Law” is the most effective method for providing some much-needed clarity under the “Local Budget Law,” the Administration and Legislature may also consider amending the law to provide uniformity with the “2010 Cap Law” with respect to pension and health benefits as cap exceptions.

COST SAVING INITIATIVES

As an organization that represents the only true regional form of government in the State of New Jersey, NJAC is proud of the innovative programs and initiatives taken by our county governments to save valuable taxpayer dollars. As has been well documented, county governments provide cooperative purchasing, 9-1-1 communications and emergency dispatch, public health, animal control, and juvenile detention services on behalf of constituent

municipalities and neighboring communities. Moreover, county governments have taken the lead on holding the line on salary increases and have implemented successful health care cost containment measures. In light of these progressive reforms, statewide county budgets actually decreased by 2.1% from \$5,983,989,398.00 in 2009 to \$5,857,855,483.00 in 2010.

Despite our commitment to delivering often mandated services in a cost effective and efficient manner, failure to repeal or amend the "1977 Cap Law" will force county governments to eliminate essential services and personnel, and drastically reduce improvements to county facilities, roads, and bridges.

BUDGETS ONLINE

Governor Christie signed into late last week **SENATE, NO. 2022/ASSEMBLY, NO. 2844** (*Beach D-6*)(*Lampitt D-4*) as P.L. 2011, c.7. In summary, this new law requires the Department of Community Affairs to post on its website the budget of any municipality or county that does not maintain its own website. The law also requires local governments to post online current budgets and the adopted budgets of the immediately preceding three budgets years.

Please do not hesitate to contact us at (609) 394-3467 with any questions or concerns.