

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

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## STATE HOUSE NEWS

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### MOSQUITO CONTROL RESERVE FUNDS

NJAC is in the process of securing legislators interested in sponsoring legislation that would authorize a county, by resolution, to establish a mosquito control reserve. NJAC's Board of Directors unanimously adopted this initiative as one of our top legislative priorities as it will help county governments throughout the State deliver services more effectively and efficiently while enhancing the level of service provided.

Current law requires counties to conduct comprehensive mosquito control activities that may include source control, trap setting, water management, surveillance, brush cleaning, public education, and the use of other critical vector control techniques. As the State continues to endure extended periods of heat, humidity, and rainfall, it's becoming increasingly more difficult for mosquito control officials to accurately predict mosquito populations. In fact, several counties recently issued emergency bonds as prescribed by N.J.S.A. 26:9-28 as they did not anticipate the surging mosquito population and substantial costs associated with eradicating mosquitoes and the potential diseases they carry and transmit. With this mind, authorizing a county to establish a mosquito control reserve, similar to a snow removal reserve N.J.S.A. 40A:4-62.1, would stabilize the mosquito control budgeting process and enhance fiscal planning for mosquito control activities. Moreover, a mosquito control reserve would streamline the process for using emergency monies by eliminating the need to issue an overly burdensome bond that a county must provide in full as a deferred change in the next budget year N.J.S.A. 40A:4-47.

NJAC recommends using the following language, modeled after current statutory law that authorizes the use of a snow removal reserve, to amend or supplement various sections of statutory law, so that all twenty-one counties may benefit from the use of a mosquito control reserve. "A local unit may, by resolution, establish a mosquito control reserve. Unexpended balances budgeted annually for mosquito control activities may be lapsed into the reserve. Upon

passage of a resolution of the governing body, funds in the reserve may be used for any purpose related to mosquito control by a county after current budget appropriations for that purpose have been expended. The Local Finance Board is authorized to adopt rules and regulations pursuant to the "Administrative Procedure Act," P.L. 1968, c.410 (C.52:14B-1 et seq.) in order to effectuate the purposes of this section."

## COUNTY AID ALLOCATIONS

NJAC and the New Jersey State Association of County Engineers (NJSACE) are in the process securing legislators interested in sponsoring a supplemental budget appropriation for State fiscal year 2014 to replace the loss of \$5.79 million in critical transportation funding for the State's most urban and populated counties. As previously noted, the New Jersey Transportation Trust Fund Authority Act eliminated the Federal Aid Urban System (FAUS) minimum allotment from the County Aid distribution formula. As a result, and beginning this month, Bergen, Camden, Essex, Hudson, Mercer, Middlesex, Monmouth, Morris, Passaic, and Union counties will lose over \$5.79 million per year in transportation funding for a total loss of \$23.16 million through State fiscal year 2017 when the State must once again reauthorize the Transportation Trust Fund (TTF). Moreover, in 2012 the State Department of Transportation reduced Local Aid allocations by \$10.0 million under the Commissioner's discretionary funding for a total loss of \$50.0 million through State fiscal year 2017.

NJAC is also concerned with the fact that the above noted Act will require each county to award contracts for 100% of its allotment within three years or lose the funding, but fails to take into consideration the permitting process of the New Jersey Department of Environmental Protection (DEP) or other commissions charged with protecting the State's environment and natural resources. Although this new requirement appears reasonable on its face, NJAC recommends a regulatory or legislative remedy that would prohibit the three-year spend down period from beginning until the relevant State departments or commissions approve all project permits accordingly. Finally, NJAC respectfully opposes the Department's procedural recommendation to eliminate its long-standing practice of awarding up-front allotments to county governments as this new procedure would create an additional and unnecessary layer of bureaucracy.

As has been well documented, county governments maintain over 8,566 bridges, more than 6,775 centerline miles of roads, and 13,770 lane miles that along with municipal roadways carry an estimated 59.0% of the State's overall traffic. Moreover, county governments have an annual need of \$86.0 million for resurfacing, \$277.0 million for bridges, \$84.0 million for construction and

reconstruction, and \$67.0 million for design and contract administration for a total need of \$514.0 million per year. The current TTF allocates \$175.0 million per year as Local Aid with \$78.75 million each for counties and municipalities, \$7.5 million in discretionary funding, and an additional \$25.0 million for county bridges leaving county governments responsible for financing at least \$403.0 million of its total need through the collection of local property taxes. With these staggering numbers in mind, and at a time in which all local governments are struggling to make ends meet, the Department's substantial cuts will cause county governments throughout the State to scale back and even eliminate vital road and bridge projects.

## **NACO LEGISLATIVE UPDATE ON MUNICIPAL BONDS**

The National Association of Counties (NACo) is working on a nationwide call to action opposing various proposals that would eliminate or cap the tax-exempt interest of municipal bonds. Please check out [www.naco.org](http://www.naco.org) for additional details, but according to the NACo publication "Protecting Bonds to Save Infrastructure and Job," tax-exempt municipal bonds are the most important tool in the U.S. for financing investments in schools, roads, water and sewer systems, airports, bridges and other vital infrastructure. In fact, state and local governments financed more than \$1.65 trillion of infrastructure investment over the last decade through the tax-exempt municipal bond market.

NACo's publication points out that under the current federal tax code, investors are not required to pay federal income tax on interest earned from most bonds issued by state and local governments. The tax exemption for municipal bond interest has been law since the federal income tax was promulgated nearly 100 years ago. The effect of this tax exemption is that state and local governments receive a lower interest rate on their borrowing than they would if their interest was taxable to investors. In typical market conditions, the tax exemption can save states and localities up to two percentage points on their borrowing rates.

NACo concludes that tax-exempt municipal bonds are the country's most important source of financing for infrastructure investment. Municipal bonds represent a partnership among federal government, state and local governments, and private investors in contributing to public infrastructure which creates jobs and improves economic efficiency. The proposals to limit or eliminate the federal tax exemption for municipal bond interest would substantially impair the federalist system of government that current exists and shift unnecessary cost burdens to local taxpayers. Tax exempt bonds maintain decision making and project selection at the state and local level, where citizens and elected officials can best determine where needs are greatest and where investments will generate the maximum return. Finally tax exempt bonds force market tests of

investment projects, since investors will not commit capital until they are convinced the credit behind the borrowing is financially sound. The default rate on borrowing by states and localities is near zero.

Special thanks to NACo for their hard work on this important issue, and to Atlantic County Administrator Jerry Del Rosso for bringing this matter to our attention. Atlantic County recently passed a resolution urging Congress and the President of the United States to preserve the tax exemption for interest on municipal bonds; and, we encourage all twenty-one counties throughout the State to the same.

### **NJAC SUMMIT ON THE AFFORDABLE CARE ACT**

If you haven't done so already, please make sure to sign up for our "Summit on the Affordable Care Act" as part of our December 13<sup>th</sup> year-end conference hosted at the conveniently located Trenton Country Club in Mercer County.

Don't miss this unique opportunity to hear State, federal, and healthcare industry experts discuss county governments' unique role under the ACA as both an employer and conveyor of essential human services programs. We've put together two terrific panel discussions for an informative and educational half-day event. Please take a moment to visit our website at [www.njac.org](http://www.njac.org) for important details about the agenda, registration, NJAC's Board of Directors meeting, the panel discussions, luncheon, and networking.

### **STATE HOUSE TRIVIA**

*Did you know* that modern paleontology began in 1858 with the discovery of the first nearly complete skeleton of a dinosaur in Haddonfield; and, that the Hadrosaurus is the official State dinosaur?

*"I don't care what is written about me as long as it isn't true." Katherine Hepburn*

