

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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ELECTRONIC BOND NOTICES

Special thanks to Assemblyman Vincent Mazzeo (*D-2*) and Assemblyman John Armato (*D-2*) for sponsoring on behalf of NJAC **ASSEMBLY, No. 4476**, which would permit the transmittal of certain proposed bond ordinances by electronic mail. And, thank you to Atlantic County Clerk of the Board of Chosen Freeholders Sonya Harris for coming up with a terrific solution to replace an outdated process.

Under current law, a county must provide, by regular mail within one week prior to the date of a hearing on a proposed bond ordinance, a copy of the proposed ordinance to the clerk of each municipality within the county. As such ordinances typically range from 10 to 25 pages with anywhere from 12 to 70 municipalities in each county, authorizing a board of chosen freeholders to notify municipalities by email of a proposed bond ordinance would save valuable time, resources, and taxpayer dollars; and, would further provide important proof of receipt. Along the lines of similar NJAC legislative initiatives that were signed into law such as authorizing local governing bodies to pay employees by direct deposit and to pay bills by electronic fund transfer technologies, NJAC will proactively advocate for this legislation as it would streamline and modernize the antiquated bond notification process. We expect a sponsor in the Senate to introduce a companion version shortly.

COUNTY CONSTRUCTION BOARDS

On September 13th, the Assembly Housing and Community Development Committee favorable reported **ASSEMBLY, No. 3731 Wimberly (*D-35*)**, which would allow a county to establish a construction code office.

In summary, this legislation would authorize a county's governing body to adopt an ordinance or resolution to appoint a construction official, and any necessary sub-code officials and technical assistants, to administer and enforce the "State Uniform Construction Code Act" for buildings and structures owned by the county. Additionally, the bill would allow a municipality to enter into a shared services agreement with the county in which it is located, pursuant to the "Uniform Shared Services and Consolidation Act," to enforce the code. The bill would further provide that regardless

of any shared service agreement with a municipality, if a building or structure subject to code enforcement is owned by the county, the bill would authorize the county construction official to assume code enforcement responsibilities that could otherwise be the responsibility of a municipal code enforcement official. The measure would not authorize a county construction official to assume code enforcement responsibilities that the Department of Community Affairs is required to administer.

NJAC supports this important and timely initiative as it underscores the growing role of county government as the only true regional form of government in the State that must play a vital role in relieving residents and businesses of the highest property tax liability in the land. Through economies of scale and the regionalization of services, county governments are delivering traditional municipal functions at a significant cost savings for local property taxpayers while enhancing the level of service provided. Some of these former municipal functions include: cooperative purchasing, 911 dispatch, animal control, public health, tax assessor, electronic waste recycling, public works, wastewater management, vehicle maintenance, EMS, police, and much more.

In fact, Burlington County is saving its towns \$8.5 million by providing public health services, Cape May County is saving its towns \$500,000 by cooperatively purchasing gas and electric, Gloucester County is saving its towns \$4.5 million by providing countywide tax assessor services, and Morris County is saving its towns \$9.0 million by providing recycling services by delivering these time-honored municipal services at the regional level. These substantial savings and creativity in governing in a cost-effective manner is a story being told in all 21 counties across the State. A-3731 is on 2nd Reading in the General Assembly; and, the Senate companion **SENATE, No. 2636** (*Lagana D-38*) is currently in the Senate Economic Growth and Commerce Committee.

SECURING OUR CHILDREN'S FUTURE BOND ACT

On August 27th, Governor Murphy signed into law as P.L. 2018 **SENATE, No. 2293** (*Sweeney D-3/Oroho R-24*)(*Benson D-14/Burzichelli D-3*), which would establish the "Securing our Children's Future Bond Act."

In summary, the measure would authorize the issuance of \$500.0 million in State general obligation bonds as follows: \$350.0 million for county school district and technical education grants and for school security project grants to schools; \$50.0 million for county college and career technical education grants; and \$100.0 million for school district water infrastructure improvement grants. The legislation would require the Commissioner of Education, in consultation with the Commissioner of Labor and Workforce Development, the Secretary of Higher Education, and the Commissioner of Labor and Workforce Development to establish procedures for the review and approval of, and eligibility criteria for, career and technical education grants. The grant applicant must demonstrate how the proposed project would: increase the capacity of the county vocational school district or the county college to offer career

and technical education programs; prepare students for high demand, technically skilled careers; and align with labor market demands or economic development goals. The measure would further require county vocational school districts or county colleges demonstrate the process by which it engaged employers to identify workforce needs.

Projects that meet any of the following criteria would receive priority for career and technical education grant funding: 1) the county vocational school district or the county college offers a stackable credentials program. Such a program supports industry-recognized, short term credentials and certificates that count toward a higher-level certificate or degree, so that individuals may advance in employment and training during their careers; and, 2) in the case of a county vocational school district grant, the district has entered into a partnership with a county college for the provision of career and technical education programs, and in the case of a county college grant, the county college has entered into a partnership with a county vocational school district for the provision of career and technical education programs; or the county vocational school district or the county college has entered into a partnership with an employer to provide technical education and training for current or potential employees.

Importantly note that for any career and technical education project, the county which established the county vocational school district or county college would be required to support 25% of the cost of the project, while the grant provided under the bill would support the remaining 75% of the cost of the project. The bill would further require the bond act to be submitted to the people for approval at the general election in November. NAJC supports the ballot question as its passage would allow county vocational technical schools to expand existing facilities, purchase state-of-the art equipment, and train skilled employees in emerging industries.

LOCAL AID ALLOCATIONS

NJAC and our county engineers are in the process of reviewing and making recommendations for **SENATE, NO. 2863** (*Sarlo D36*)(*Sweeney D-3*), which would revise the requirements for receiving grant funding from the local program under the Transportation Trust Fund (TTF).

In summary, this legislation would require counties to award construction or other approved contracts for any percentage of a county's local aid allotment within one year of being notified by the Department of Transportation (DOT) of that year's local aid allocation. This new requirement would be an addition to current the one, which obligates counties to award 100% of the construction or other approved contracts of a county's local aid allotment within three years of being notified by DOT of that year's allocation or risk having the funds returned or deducted from future grant

funding. This legislation would also: prohibit counties and municipalities from using county or municipal employees on projects funded with local aid monies; require all local aid projects to be bid in accordance with the Local Public Contracts Law; require DOT to prequalify all bidders on local aid funded contracts; and permit local aid program grant recipients to use 10% of awards on design costs in fiscal year 2019 and 5% in fiscal years 2020 and beyond.

NJAC is committed to identifying regulatory, administrative, and other bureaucracies that may prevent local governing bodies from completing transportation projects in a timelier manner such as the permitting process of the New Jersey Department of Environmental Protection (DEP) and other commissions charged with protecting the State's environment and natural resources. For the record, county and municipal roads and bridges carry over 55% of the State's overall traffic and depend on annual local aid allocations as vital property tax relief. As has been well documented, county governments spend over \$565.0 million each year to operate and maintain an estimated 7140 bridges and more than 6,775 centerline miles of roads. Additionally, counties will invest nearly \$2.85 billion to repair, rehabilitate or replace "structurally deficient" and "functionally obsolete" bridges and culverts. S-2863 is currently in the Senate Transportation Committee awaiting consideration.

2% CAP ON BINDING INTEREST ARBITRATION AWARDS

NJAC commends Senator Declan O'Scanlon (*R-13*), Assemblywoman Betty Lou DeCroce (*R-26*), and Assemblywoman Holly Schepisi (*R-39*) for introducing **SENATE, NO. 1858/ASSEMBLY, NO. 3378**, which would make permanent the 2% cap on binding interest arbitration awards.

As over 50 collective bargaining agreements eligible for binding interest arbitration are set to expire in 2018 at the county level alone, county executives and freeholder boards across the State are once again urging State leaders to permanently extend the 2% cap on binding interest arbitration awards. Between 2011 and 2017, the 2% cap on binding interest arbitration awards allowed counties and municipalities to live within their limited means while making sure that officials took care of and protected our most vulnerable residents. As has been well documented, the 2% cap on binding interest arbitration awards has kept public safety employee salaries and wages under control simply because parties have been closer to reaching an agreement from the onset of negotiations. Moreover, the 2% cap on binding interest arbitration awards has established clear parameters for negotiating reasonable successor contracts that preserves the collective bargaining process and takes into consideration the separate and permanent 2% tax levy cap on overall county and municipal government spending.

Failure to permanently extend the 2% cap on binding interest arbitration awards will inequitably alter the collective bargaining process in favor of labor at the expense of taxpayers. In addition to raising property taxes long-term, local elected officials will

have no choice but to consider imposing employee furloughs; privatizing services; freezing salaries for non-affiliated employees; and, reducing or eliminating non-mandated services such as transportation for the aged and disabled, meals on wheels, mental health and addiction services, and more. Without question, the 2% cap on binding interest arbitration awards has proven to be a vital tool for controlling personnel costs; negotiating reasonable successor contracts; and, avoiding arbitration awards granted by third party administrators who are not accountable to taxpayers.

Moody's Investors Services, Fitch Ratings, and Standard and Poor's all agree and have issued stern warnings about allowing the cap to expire. Of note, Moody's submitted *"that salary costs are among the largest of municipal expenditures, the cost implications are obvious and considerable,"* and that *"the effect of this is, in most cases, unlikely to be rapid, but ultimately, the loss of the arbitration cap is likely to cause the public sector's credit quality to deteriorate."* Fitch Ratings concluded that *"the arbitration cap is beneficial to local government credit quality as it helps to align revenue and spending measures and supports structural balance in the context of statutory caps on property tax growth.* For these clear and convincing reasons, we're urging Governor Phil Murphy and the State Legislature to permanently extend the 2% cap on binding interest arbitration awards before it's too late for property taxpayers already struggling to make ends meet with the highest tax burden in the nation. Given the inaction on extending the cap, the sunseting of employee health benefit controls also implemented in 2011, county and municipal leaders are facing a perfect storm of uncontrollable property tax growth and substantial service cuts. S-1858 is currently in the Senate Law and Public Safety Committee awaiting consideration; and, A-3378 is in the Assembly State and Local Government Committee.

DOLLAR SIGNS AND SMILES ALL ROUND AFTER FIRST THREE MONTHS OF SPORTS BETTING

John Reitmeyer, NJ Spotlight, September 14, 2018

Legalized sports betting is only a few months old in New Jersey, but it appears to be off to a very strong start. Gamblers bet nearly \$100 million in New Jersey on sporting events last month, easily topping the \$40 million wagered in July, according to figures released by the state earlier this week.

The betting volume is only expected to increase in the coming months as the lengthy collegiate and professional football seasons just got underway last weekend, say regulators and sportsbook operators who testified before lawmakers in Trenton yesterday. The hearing was held to provide lawmakers with an update on sports betting since it became legal at casinos and racetracks in New Jersey three months ago. "It has been very exciting," said Sharon Harrington, vice president of the Atlantic City-based Casino Control Commission. But it remains to be seen whether sports wagering can eventually become the type of fiscal force that lawmakers were hoping for when they adopted legislation earlier this year in the wake of a major Supreme Court ruling that

paved the way for legalized betting. The early returns have stoked expectations in a state that is well-known for revenue shortfalls and other budget problems.

Lawmakers originally set a revenue goal of \$17 million from taxing sports betting, but the state budget that Gov. Phil Murphy signed into law in early July is counting on \$25 million to be collected by the time the fiscal year closes next June. Counting the roughly \$140 million that was bet in July and August, a total of \$16.5 million in gross revenue that is subject to state taxation has been generated since mid-June, including \$9 million in August. “Obviously after a downturn in the casino industry this is a real shot in the arm,” Assemblyman Ralph Caputo (D-Essex) said during yesterday’s hearing. “It’s probably the biggest thing that’s happened in many years.”

Under the new law enacted by Murphy earlier this year, only casinos in Atlantic City and licensed horserace tracks can offer in-person sports betting and operate online wagering sites. Bets can be placed on all professional sporting events, including those in New Jersey, as well as on collegiate sporting events that do not involve a New Jersey-based school or those that take place in New Jersey. The state is levying a tax rate of 8.5 percent on in-person gambling, and a 1.25 percent surcharge that raises revenue for Atlantic City and the host communities of the racetracks. The tax rate is 13 percent for online bets, plus the 1.25 percent surcharge. A total of eight licenses have been issued for sports-betting operations in New Jersey since it was legalized, said David Rebuck, director of the state Division of Gaming Enforcement.

The August revenue figures, which were released this week by Rebuck’s agency, include action at six casinos and two racetracks, with the sportsbook of the Meadowlands Racetrack, which is adjacent to MetLife stadium in East Rutherford, setting the pace early on. “You don’t have to be a genius to figure out that we have a great location,” Meadowlands operator Jeff Gural said during the hearing in Trenton. “People like to come and be in the environment where you can watch every game (on television),” he said. “Something goes wrong here, (but) it goes right over there. It’s a lot of fun.” Gural and others who testified before the lawmakers gave credit to the state’s regulators for working hard to make sure the sportsbooks could start operating right after Murphy enacted the legislation. That action came about a month after the Supreme Court sided with New Jersey after years of litigation that challenged federal gaming laws which had allowed sports betting in Nevada and only a handful of other states. Monmouth Park — where Murphy went to place the first legal bet — was among the sportsbooks that were able to take advantage of this summer’s World Cup soccer tournament. “The World Cup was actually a really great event for us,” said Bill Knauf, vice president of business operations at Monmouth Park.

But after seeing the crowds for the first week of football season start gathering around 9 a.m. last weekend, Knauf predicted football “is where the money is going to be.” “That was really exciting,” Knauf said. He also said there has already been some crossover between patrons who have come to the facility to bet on sporting events and then end

up also wagering on a race. That could provide a much needed boost for the racetracks in the wake of recent struggles. "We definitely feel like the sports fan can help us out," Knauf said. Harrington said sports betting is also providing a boost for Atlantic City, which recently saw two new casinos open along the boardwalk. One of them, Ocean Resort Casino, which is located at the site of the former Revel, was third in gross revenue from sports betting in August. "It's been a good amenity to add to the portfolio," Harrington said.

Nevada collected roughly \$250 million from sports betting last year, a small percentage of the overall \$26 billion in casino revenue generated statewide, according to that state's Gaming Control Board. Dustin Gouker, lead sports-betting analyst for the website PlayNJ.com, predicts that New Jersey's sports-wagering market could eventually surpass Nevada's once it is fully built out over the next several years. "We could see sports betting grow by more than 300 percent in September as NFL and college football ramp up and the number of options for online sports wagering in New Jersey continues to grow," Gouker said in a news release issued earlier this week. "September will be an enormously important month for New Jersey's legal sports-betting industry," he said.

ALL 19 COUNTY COLLEGES IN NEW JERSEY APPLY FOR TUITION-FREE PROGRAM

Linh Tat, POLITICO, September 13, 2018

TRENTON — All 19 county colleges in New Jersey applied to be a part of the state's new tuition-free initiative and should learn in the next two weeks whether they've been selected to help pilot the program, the state's higher education secretary told lawmakers on Thursday.

Although the Legislature agreed to just half the amount Gov. Phil Murphy initially sought to roll out a tuition-free program this fiscal year, Higher Education Secretary Zakiya Smith Ellis said the \$25 million lawmakers approved is enough to start a pilot program and cited a benefit to scaling back initial plans. "This may be a blessing in disguise to have not gotten the whole request because it will allow us time to evaluate and think about what a program that works well for our state would be," Smith Ellis told the Assembly Higher Education Committee. She also offered some new, if vague, details about the program. It hasn't been determined how many colleges will be selected for the pilot program, though Smith Ellis said she anticipates it will be "more than five, less than 19," depending on the financial needs of the institutions selected.

And while aid eligibility does not require students to meet a certain grade point average, grant recipients will need to maintain "satisfactory academic progress." That typically means maintaining a 2.0 GPA, though each college sets its own criteria, Smith Ellis said. Under the pilot program, students whose adjusted gross income is \$45,000 or less could have their tuition and certain mandatory student fees paid by the state, though they would still have to pay for other expenses, such as textbooks. To be eligible, students

must enroll in at least six course credits each semester and have first sought out all other financial aid options, such as the federal Pell Grant and other state aid programs.

Many community college students are already essentially attending school for free, since their current financial aid packages are enough to cover tuition. But for those whose aid awards aren't enough, these tuition-free grants could help close the gap. The number of students who will benefit from the first year of the program also remains unknown. Assemblywoman Patricia Egan Jones (D-Camden) said she was "disturbed" that only students attending the selected colleges will benefit from the grants.

"I wish that every student, regardless of where they're enrolled, and generally they enroll in the community college where they live because of access issues, should be able to have this opportunity," she said. Smith Ellis said part of the reason not every county college will be part of the pilot program is because the Legislature did not appropriate more money. However, she stressed that the idea is to expand the program in future years.

Of the \$25 million the Legislature appropriated for this fiscal year, \$5 million will be distributed among all 19 colleges that submitted applications — regardless of whether they're selected — to help plan for future build-out of the program. The remaining \$20 million will go to the students in need. Assemblywoman Mila Jasey (D-Essex), who chairs the higher education committee, said she hopes to see a regional distribution of the funds, but also defended the decision to start off the tuition-free initiative on a smaller scale. "Doing a pilot is a very smart and thoughtful way to organize the program so that funds are well spent," she said. "And that builds confidence so that we can continue to spend those funds."

UPCOMING NJAC EVENTS

Please visit www.njac.org for details about our December 14th Summit on Active Shooter Preparedness and 911 Systems. Given the magnitude and seriousness of this issue that we seem to read about in the news every day, we're waiving registration fees for State, county, and other local officials. However, space is limited, and you *must* complete and return the attached registration form to Kim Nolan at knolan@njac.org or by fax at (609) 989-8567 no later than December 7th.

STATE HOUSE TRIVIA: *Did you know that Rutgers and Princeton played the first college football game at Princeton's campus on November 13, 1860 with Rutgers winning the game 6-4?*

"The quality of a person's life is in direct proportion to their commitment to excellence, regardless of their chosen field of endeavor." Vince Lombardi