

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

E. MARIE HAYES  
NJAC President  
Cape May County Freeholder

JOHN G. DONNADIO  
Executive Director

## STATE HOUSE NEWS

*February 26, 2020*

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### PRISONER REENTRY LEGISLATION

NJAC very much appreciates the opportunity to work with senators Vitale (*D-18*) and Cryan (*D-20*), and assemblymen Greenwald (*D-5*) and Verrelli (*D-15*), on a package of prisoner reentry bills. In summary, NJAC has proposed amendments, which would require each county to appoint a county reentry coordinator responsible for navigating treatment and services to inmates in a county jail who have been sentenced to a term of incarceration or are ordered detained pending trial following a pretrial detention hearing. The proposed amendments would also establish a “County Reentry Coordinator Fund” and appropriate \$2.1 million to the Fund for equal distribution among all 21 counties.

In general, the county reentry coordinator would be responsible for identifying which social services, reentry, and rehabilitative programs would benefit the inmate including the WorkFirst NJ Substance Abuse Initiative, the Supplemental Nutrition Assistance Program, Medicaid, and any housing assistance; determining whether the inmate would benefit from substance use disorder treatment including medication-assisted treatment; providing the inmate with information concerning any other treatment, services, and programs; evaluating each inmate as part of the initial classification process; and, serving as the liaison between the warden, director, or administrator of the county correctional facility, as applicable, and the director of a county board of social services or welfare agency, as applicable, in the county in which the facility is located to assist with the scheduling of appointments as necessary and securing of benefits as appropriate.

The county reentry coordinator would also assist the inmate with completing applications for accessing appropriate services and programming upon the inmate’s release from the county correctional facility and sharing pertinent information about the State’s One Stop Career Centers. The county reentry coordinator would further schedule appointments for the inmate to meet with representatives from the career centers and would register the inmate for participation in any mandatory programming upon the inmate’s release. Additionally, the county reentry coordinator would provide information concerning insurance eligibility and assistance in completing applications for insurance coverage. The county reentry

coordinator would also record data regarding: the number of inmates who are offered services; the number of inmates who accept the services offered; the types of services provided to each inmate who accepts the services offered; the race, gender, ethnicity, and age of each inmate; a record of any crimes committed by inmates who are released from the facility; and, the types of crimes committed for a period of three years following the inmate's release.

Finally, the county reentry coordinator would develop, and work in conjunction with, the warden, director, or administrator, as applicable, to foster and support peer counseling programs in the county correctional facility that support the treatment of incarcerated persons with substance use disorders. The warden, director, or administrator, as applicable, may additionally develop initiatives to provide incarcerated persons in the custody of the county correctional institution with access to professional substance use disorder counseling services. The county reentry coordinator would meet regularly with community stakeholders, which may include wardens, welfare agencies and boards of social services, elected officials, clergy, educators, members of the public, and others. *Special thanks to Ocean County Jail Warden Sandra Mueller, Salem County Welfare Director Kathy Lockbaum, Hudson County Deputy County Administrator Oscar Aviles, and Director of the Hudson County Community Reintegration Program Frank Mazza* for their help and patience in drafting the proposed amendments.

## **FOOD WASTE**

During the month of February, NJAC testified before the Assembly Environment and Energy and Assembly Telecommunications and Utilities committees in opposition to **ASSEMBLY, No. A-2371** (*Kennedy D-22/Pinkin D-18*), which would require large food waste generators to separate and recycle food waste under certain circumstances. Additionally, the Senate was set to vote on the companion version **SENATE, No. 865** (*Smith D-17/Bateman D-16*) on February 10<sup>th</sup> after bypassing the committee process this legislative session but instead held the measure due to significant opposition from several key stakeholders. S-865 has been recommitted to the Senate Budget and Appropriations Committee for consideration; and on February 24<sup>th</sup>, the General Assembly passed A-2371 by a vote of 48-29-1.

It's important to note that after more than five years of advocacy, in February of 2018, the Senate Environment and Energy Committee recognized the need to hold harmless and exempt existing landfill gas to energy facilities (LGTE) that commit considerable public resources to cutting edge recycling and solid waste management activities and amended the bill accordingly. Unfortunately, Governor Phil Murphy conditionally vetoed this important exemption along with last minute changes approved by the Legislature in June of 2019 of which the Senate ultimately did not consider and the bill expired. NJAC is concerned that without the LGTE exemption, this legislation would divert critical volumes of decomposing organic food waste from county LGTE facilities, which would

adversely affect the quantity and quality of gas relied upon and ultimately jeopardize their economic viability. As has been well documented, Atlantic, Burlington, Cape May, Cumberland, Middlesex, Ocean, Monmouth, Salem, and Sussex counties have committed substantial taxpayer dollars into state of the art LGTE facilities that utilize methane gas produced from decomposing organic food waste to generate renewable Class One electricity under the “Electric Discount and Energy Competition Act.”

For these reasons, NJAC strongly opposes S-865/A-2371 in its current form as it would cause irreparable harm to county LGTE facilities that have invested valuable property taxpayer dollars to cutting edge energy producing, recycling, and solid waste management activities. If the Legislature is compelled to move the measure, NJAC respectfully requests the Legislature to consider the following amendment as favorably reported by the Senate Environment and Energy Committee in the 2018/19 legislative session: *“A large food waste generator shall be deemed in compliance with the provisions of this section if it sends its food waste for final disposition to a sanitary landfill facility that delivers the landfill gas to a gas-to-energy facility as fuel for the generation of electricity.”* NJAC is also concerned that this legislation could impact county correctional facilities, nursing homes, vocational-technical schools, and psychiatric facilities as large food waste generators, which the bill would define as any commercial food wholesaler, distributor, industrial food processor, supermarket, resort, conference center, banquet hall, restaurant, educational or religious institution, military installation, prison, hospital, medical facility, or casino that produces at least 52 tons per year of food waste....”

In general, the measure would require every large food waste generator that is located within 25 road miles of an authorized food waste recycling facility and that generates an average projected volume of 52 or more tons per year of food waste to: source separate its food waste from other solid waste; and, send that source separated food waste to an authorized food waste recycling facility that has available capacity and will accept it. Under the bill, if a large food waste generator is not located within 25 road miles of an authorized food waste recycling facility, or the facility will not accept the generator’s food waste, the generator may send the food waste for final disposal at a solid waste facility as provided in the approved district solid waste management plan for the solid waste management district in which the generator is located. In addition, a large food waste generator would be deemed in compliance with the bill if the generator: performs enclosed on-site composting, or anaerobic or aerobic digestion of its source separated food waste in accordance with standards adopted by the Department of Environmental Protection (DEP); or, recycles food waste using an alternative authorized food waste recycling method.

The bill would authorize a large food waste generator to petition the DEP for a waiver of the recycling requirement if the cost of transporting the food waste plus the fee charged by an authorized food waste recycling facility located within 25 road miles of the large food waste generator is at least 10 percent more than the cost of transporting the food waste for disposal as solid waste plus the disposal fee charged for solid waste disposal in the State for noncontract commercial waste by a properly licensed transfer station, sanitary landfill facility, incinerator, or resource recovery facility located within 25 road miles of the large food waste generator. The bill would require that any authorized food waste recycling facility located within 25 road miles of the large food waste generator seeking the waiver be given notice of the petition and an opportunity to participate in the proceeding before the DEP.

### **COUNTY TOURISM INCENTIVES**

On February 10<sup>th</sup>, the Senate State Government, Wagering, Tourism, and Historic Preservation Committee favorably reported and Second Referenced to the Senate Budget and Appropriations Committee **SENATE, No. 488** (*Brown R-2/Beach D-6*), which would establish the “County Tourism Incentive Grant Fund.”

In summary, this legislation would require the appropriation and distribution of excess State hotel and motel occupancy fee revenues for deposit into the “County Tourism Incentive Grant Fund,” which would provide grants for counties to support tourism, advertising, and promotion. The bill would require county governments and the State Treasurer to enter into an agreement that would require the county to use the monies from the Fund to support tourism, advertising, and promotion. The legislation would prohibit counties from using Fund monies to reduce or eliminate the total amount of other funds currently used by the county to support tourism advertising and promotion; and, would further require counties to repay, with interest, the total amount of financial assistance issued to the county if the assistance is not used to support tourism, advertising, and promotion.

The bill would further provide that the amount of each incentive grant issued to a county will equal the county’s share of the excess State hotel and motel occupancy fee revenues deposited to the fund. The measure would specify that the county’s share of the excess revenues will be determined by the State Treasurer by dividing the revenues derived from hotel and motel occupancies occurring within the county by the sum of the revenues derived from hotel and motel occupancies occurring within the several counties that have been approved for the issuance of a grant and multiplying that amount by the excess State hotel and motel occupancy fee revenues deposited to the fund during the State fiscal year in which the tourism incentive grant is issued. NJAC supports this legislation as it would help county governments promote economic development and tourism in a uniform and regional manner.

## **PUBLIC UTILITY NOTICE**

On February 20<sup>th</sup>, the Assembly Telecommunications Committee favorably reported and Second Reference to the Assembly Appropriations Committee **ASSEMBLY, No. 2101** (*Swain D-38/Tully D-38*), which would require public utilities and local governing bodies to provide notice prior to initiating certain infrastructure projects.

In summary, this legislation would require public utilities and local governing bodies regulated by the Board of Public Utilities to notify each other within 180 days of the start of an infrastructure project. The notice must include a summary of the purpose and scope of the infrastructure project, the infrastructure project schedule, and a map of the infrastructure project location. Additionally, within 60 days of the receipt of the required notice, the public utility, local unit, and local utility would be required examine any underground utility facility within the borders of the infrastructure project to the extent feasible and notify each other whether an underground utility facility needs repair or replacement and if any of them intend to undertake an infrastructure project within the scope of the other's infrastructure project. The bill would further require the public utility, local unit, and local utility to coordinate to provide timely notification of any changes to their respective project plans or schedule and, when feasible, to jointly establish a timeframe for scheduled work.

Unfortunately, the Committee removed the section of the bill that would have required a public utility, upon completing a project that requires road, street, or highway excavation work in a local unit, to restore the road, street, or highway to the condition that is required pursuant to ordinance in that local unit or to a condition which has been agreed upon by the public utility, local unit, and local utility. As such, NJAC no longer supports the measure as enthusiastically as we once did but will continue to monitor its progress as the bill is intended to foster communication and collaboration between local governing bodies and public utilities. On February 24<sup>th</sup>, the Senate Economic Growth favorably reported and Second Referenced the companion version **SENATE, No. 828** (*Lagana D-38/Greenstein D-14*) to the Senate Budget and Appropriations Committee.

## **PROJECT LABOR AGREEMENTS**

On February 13<sup>th</sup>, the Senate Labor Committee favorably reported **SENATE, No. 1370** (*Sweeney D3/Scutari D-22*), which would expand the permissible use of project labor agreements (PLAs) to include the option of using PLAs for highways, bridges, pumping stations, and water and sewage treatment plants.

Current law authorizes use of PLAs for construction, reconstruction, demolition, or the renovation of buildings at the public's expense. The bill would not change the requirement that PLA eligible projects must be worth at least \$5.0 million and subject to the prevailing wage law. Although the measure is permissive, so NJAC

does not oppose the bill, the private sector unions will likely mount significant pressure on certain governing bodies to use PLAs for the new projects authorized under the bill. Although some support the use of PLAs as they may provide for more predictable costs and ensure the timely completion of large-scale projects, PLAs may also prove more costly as such agreements require paying the prevailing wage and may prevent small businesses from bidding on certain projects. S-1370 is on Second Reading in the Senate; and, the companion version **ASSEMBLY, No. 2670** (*DeAngelo D-14/Verelli D-15*) is in the Assembly Labor Committee awaiting consideration.

## **TAX ABATEMENTS**

On February 13<sup>th</sup>, the Senate Community and Urban Affairs Committee favorably reported **SENATE, No. 983** (*Singleton D-7*), which would require municipalities to file copies of tax abatement and exemption agreements with the county chief financial officer and county counsel within 10 days of execution.

In summary, this bill would require municipalities to file copies of any tax agreements authorizing short-term property tax abatements and exemptions with the county chief financial officer and county counsel within 10 days of their adoption. Under current law, these tax agreements are required to be filed within 30 days of their adoption with the Division of Local Government Services in the Department of Community Affairs. This bill would lower this timeframe to 10 days, delete the requirement that a copy be sent to the Division of Local Government Services, and instead require copies be forwarded to the county chief financial officer and county counsel.

This bill would also require municipalities that provide short-term property tax abatements and exemptions to annually report the total amount of real property taxes exempted and abated in the current tax year. Under current law, this information is only reported to the Division of Local Government Services and the Division of Taxation in the Department of the Treasury. This bill would add the county chief financial officer and county counsel to the list of recipients of this information. S-983 is on Second Reading in the Senate and the companion version **ASSEMBLY, No. 2981** (*Webber R-26*) is currently in the Assembly State and Local Government Committee awaiting consideration.

## **PAYMENTS IN LIEU OF PROPERTY TAXES**

On February 13<sup>th</sup>, the Senate Community and Urban Affairs Committee favorably reported and Second Referenced to the Senate Budget and Appropriations Committee for consideration **SENATE, No. 983** (*Singleton D-7/O'Scanlon R-13*), which would provide counties and school districts with notice that municipality is considering granting long term tax exemptions and would further require municipalities to share amounts received from urban renewal entities in lieu of property taxes with school districts.

Under the bill, urban renewal entities would be required to provide counties and school districts with copies of applications for long term tax exemptions. The bill would require an urban renewal entity to certify, in its annual audit to the mayor and the governing body of the municipality, the number of school-age children attending public school who are residing in the approved project. Mayors would be required to provide counties and school districts with copies of the recommendations mayors submit to municipal governing bodies with regard to applications from urban renewal entities. Municipal governing bodies would afford counties and school districts a 10-day period to review mayoral recommendations, within which period counties and school districts could submit their own recommendations. When determining whether to approve an application, a municipal governing body would give due consideration to the concerns of counties and school districts.

The bill would also require municipalities to provide a portion of the amounts received in lieu of property taxation from urban renewal entities to the school district or districts that serves the municipality, including a regional school district. A municipality that receives a payment in lieu of taxation from an urban renewal entity would be required to distribute a portion of the amount received immediately upon receipt. For a residential project, this portion would equal the amount derived by multiplying the number of school-age children, who are attending public school in the municipality or at a school in a regional school district that serves the municipality and who are residing in the project, by the school district's budgetary cost per pupil. For a nonresidential project and for a mixed-use project with residential and nonresidential components, the portion would be five percent of the annual service charge collected by the municipality or an in-kind contribution equal in value to five percent of the annual service charge. Lastly, the measure would require a school district to reduce its property tax levy by any amount received from a municipality out of a payment in lieu of property taxation made by an urban renewal entity. The companion version **ASSEMBLY, NO. 501** (*Weber R-26*) is currently in the Assembly State and Local Government Committee awaiting consideration.

#### **NJ GETS BAD GRADES FOR ITS BUDGET PRACTICES IN NONPARTISAN REPORT**

*by John Reitmeyer, NJ Spotlight - February 21, 2020*

Despite recent efforts to improve the state's budget practices, New Jersey has once again received a report card littered with bad grades.

New Jersey isn't at the head of the class nationally in any category in the Volcker Alliance's latest state-by-state review of several years' worth of fiscal policies. The nonpartisan alliance promotes sustainable budgeting and best practices for state policymakers. Worse yet, New Jersey continued to receive near-failing grades in several categories, showing little to no improvement in areas identified as major trouble spots in the past, including public-employee pension funding and budget forecasting.

In fact, the state’s long-standing practice of shorting its annual obligation to the pension system — which Gov. Phil Murphy has continued since taking office in 2018 — helped New Jersey maintain a D-, the worst grade the Volcker Alliance gives out, in the category of “Legacy Costs.” Released yesterday, the latest edition of the Volcker Alliance’s “Truth and Integrity in State Budgeting” series comes just days before Murphy, a Democrat, plans to unveil before lawmakers in Trenton a proposed spending plan for the state’s next fiscal year, which begins July 1. It remains to be seen whether Murphy, in Tuesday’s budget address, will announce any new efforts to shore up problem areas flagged in the new report.

The Volcker Alliance, founded by the late Paul Volcker, a former Federal Reserve Bank chairman and New Jersey native, began analyzing the states’ budget policies in 2015, releasing an initial report scrutinizing the fiscal practices of New Jersey, California and Virginia. The analysis was then widened to other states, with consultants and faculty and staff at numerous universities providing assistance. The organization’s new report — which scrutinized state budgeting practices between fiscal years 2017 and 2019 — notes that states as a whole spent a combined \$2.1 trillion in 2019, which is equal to about 10% of the nation’s gross domestic product (GDP). The report suggests the organization’s work can “point policymakers, advocates, investors, and citizens toward best practices for crafting fiscally sustainable strategies.”

New Jersey received its best grades from the Volcker Alliance, both B’s, in the categories of “Reserve Funds” and “Transparency.” That comes as the state has been making a push in recent years to set aside more revenue to hedge against any unforeseen spending needs or dips in tax collections. In fact, the state could see some improvement in this category in the next report after making the first deposit in a decade into the budget’s official “rainy day fund” last year. The only knock on the state’s current budget-transparency practices was the lack of an official disclosure listing the cost of deferring the maintenance of major capital assets. New Jersey got full credit for putting detailed budget and debt information online for public review, and for publishing an annual tax-expenditure report that lists all tax breaks that reduce the state’s annual revenue stream.

On the other hand, New Jersey received D grades in the categories of “Budget Forecasting” and “Budget Maneuvers,” continuing under Murphy a trend that began when former Republican Gov. Chris Christie was in office. For example, the new report cites the state continuing to divert revenue out of its Clean Energy Fund as a trouble spot. It also highlights a tax-amnesty program that lawmakers approved for FY2019 that created a one-time source of revenue for the state budget, thus opening up a hole in the current fiscal-year spending plan. Despite recent attempts to reform the state’s annual revenue-forecasting process — by establishing a consensus-forecasting model, for instance — New Jersey also continues to be among the states to leave such responsibilities up to a single branch of government. The state was also flagged in the report for not conducting long-term revenue and expenditure analyses.



But the worst grade handed out by the Volcker Alliance came in the “Legacy Costs” category, which covers funding for public-employee pensions and retiree health-insurance obligations. While in office, Christie had started to slowly ramp up the state’s annual pension contribution, and Murphy has stuck with the same plan during his first two years in office. But the current state budget sets aside only 70% of what actuaries would consider to be “full funding” of the state’s annual obligation to the pension system, carrying on the tradition of underfunding.

In top Wall Street credit-rating firms’ latest assessment of the cumulative damage, New Jersey’s pension system is listed as the worst-funded state retirement plan in the country, leaving each resident with the equivalent of \$14,515 of debt, according to a Bloomberg analysis cited in the report. Yet the current ramp-up plan doesn’t call for full state funding of the annual pension contribution determined by actuaries until fiscal year 2023. Still, in explaining why the worst grade that can be given out is a D- instead of an F, the Volcker Alliance said “even the most fiscally challenged states have some budget practices worth emulating.”

**UPCOMING NJAC EVENTS:** Make sure to mark your calendars for NJAC’s Annual Celebration of County Government set for May 6<sup>th</sup> through May 8<sup>th</sup> at Caesars in Atlantic City. And, we hope you’ll join us at our next board meeting on March 27<sup>th</sup>.

**STATE HOUSE TRIVIA:** Did you know that the Sandy Hook Lighthouse in Sandy Hook is the oldest working lighthouse in the United States having been lit for the first time in 1764?

*“If we did all the things, we are capable of, we would literally astound ourselves.” Thomas Edison*