

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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COVID-19 RELIEF BONDS

On July 30th, both houses passed and sent to the Governor **ASSEMBLY, No. 3971** (*Benson D-14/Coughlin D-19*)(*Singleton D-7/Gopal D-11*)(*Benson D-14/Coughlin D-19*), which would allow counties and municipalities to borrow moneys through the issuance of bonds and notes to cover unanticipated emergency expenses and revenue shortfalls directly attributable to the COVID-19 public health crisis.

More specifically, this legislation would authorize a local unit to incur indebtedness, borrow money, and issue “Coronavirus Relief Bonds,” which would be payable from, and secured by a pledge of, ad valorem taxes levied upon all the taxable property within the local unit without limitation as to rate or amount. The process for authorizing the issuance of bonds under this bill would follow the process currently applicable to the issuance of refunding bonds under the “Local Bond Law,” except that a local unit would not be required to secure Local Finance Board approval unless: the local unit seeks to issue bonds in an amount that exceeds 30% of the local unit’s prior year budget; or, the local unit seeks to issue bonds with a repayment term longer than 10 years. NJAC supports this legislation as it would provide a valuable mechanism to help navigate the unprecedented budget challenges all local governing bodies are facing because of the COVID-19 public health crisis. NJAC also submits that local governing bodies and the State of New Jersey should first strongly consider implementing difficult costs saving measures to reduce the amount of borrowing necessary to pay for general operating expenses and is urging State leaders to address the long overdue structural changes that must be made to the way the Garden State governs itself with far too many layers of costly government and bureaucracies.

FREEHOLDER TITLE CHANGE

Also, on July 31st, both houses passed and sent to the Governor **SENATE, No. 855** (*Sweeney D-3/Pennacchio R-26*), which would require that the title of “chosen freeholder” be changed to “county commissioner.” In summary, this new law requires all “boards of chosen freeholders to be known as “boards of county commissioners” and all individual “freeholders” to be known as “commissioners.” Effective January 1, 2021,

the law requires counties to update their letterheads, stationary, and other writings, once exhausted with the title of county commissioners in place of freeholders or chosen freeholders upon replacement. The measure further requires counties to update their Internet websites to bear the title of county commissioners in place of freeholders or chosen freeholders within one year of the bill's effective date. The law will not require counties to update or replace signs or other writings to reflect this title change within this timeframe if doing so would require the expenditure of county funds. In such a case, the law requires the change whenever the writing is next updated or replaced in the ordinary course of business. Governor Murphy is expected to sign the measure into law.

With this in mind, NJAC plans to use the title change as an opportunity to showcase the vital services provided by county governments across the State that we'll begin with a Reader's Digest overview of how county government has transformed over the years.

1. GENERAL ORIGINS OF COUNTY GOVERNMENT

- A. County government traces its origin to British settlers in the new world who brought with them the concept of the county as a unit of local government.
- B. Counties were among the earliest units of local government established in the Thirteen Colonies with Virginia creating the first counties in order to ease the administrative workload in Jamestown.
- C. The framers of the constitution did not account for local governments and left matters to the states to create arms of the state. In the 20th century, the role of counties strengthened, and they began providing more services and acquiring additional powers.

2. RECENT HISTORY

- A. County government has evolved from a limited decentralized form of government to a complex regional form of government that is playing a growing role in delivering services in a cost-effective manner through economies of scale.
- B. During the early to middle part of the 20th century, the county government system was structured with a series of autonomous agencies, such as the board of elections, tax boards, county prosecutors, and constitutional officers, that generally reported to freeholder boards but operated independently – both fiscally and operationally.
- C. These autonomous agencies historically operated outside the direct authority of the governing body. They had the ability to hire staff, manage operations, adopt policy, but were all funded by the governing body.

- County appointed statutory boards: boards of social services, parks commissions, mosquito control commissions, planning boards. The Optional County Charter Law authorized governing bodies to eliminate these boards, which centralized management and streamlined operations. Through their general powers, non-charter counties have followed the same course of action.
 - State appointed boards and personnel: county prosecutors, board of elections, boards of taxation, county superintendents of elections. State appointed officials that are funded by the governing body but are appointed by the Governor with the advice and consent of the Senate. A 2017 law that places a cap within the 2011 cap law has helped to control their budgets. That same law also subjected these boards to the personnel, policies, and procedures of the governing body, which strengthened county governments role and ability to manage its affairs.
 - Elected officials: clerks, sheriffs, surrogates, and registers of deeds and mortgages are all elected constitutional officers who operate with great autonomy and as they are held accountable to the voters through the electoral process. Elected constitutional officers are also now subject to the 2017 cap within the cap law.
- D. In 1969, the “County and Municipal Government Study Commission” met to reign in these costs and the “Optional County Charter Law” was enacted in 1972 to, in part, centralize operations with county administrators. The Commission also recommended the following:
- Separating county legislative and executive branches and the creating of a chief executive officer.
 - Providing the governing body with the opportunity to absorb county appointed boards into direct operations.
- E. These actions resulted in a radically different style of operations for county government in terms of having a strong leader, the development of a clear department structure, and a more uniformed and centralized form of government.
- F. The Commission also made recommendations concerning regionalization and shared services, which included:
- Eliminating the duplication of services.
 - Managing programs at a regional level when they cannot be efficiently administered at the municipal level.

- G. The position of county administrator was created in 1967 and was a crucial step in the evolution of county government in terms of effecting organizational change by centralizing management.

3. GOVERNING BODY ELECTED OFFICIALS

- A. Charter Counties: county executive, freeholder Boards with 7 or 9 members that are elected either at-large, by voting district, or a combination of the two. Atlantic, Bergen, Essex, Hudson, Mercer counties have county executive forms of government and Union County has an appointed county manager form of government.
- B. Non-Charter Counties: freeholder boards with 3-9 members typically based on population and all of which are elected at-large.

4. 2010 CAP LAW

- A. The 2010 cap law imposed a 2.0% cap on local government spending but did not include caps on independent autonomous agencies (boards of elections, boards of taxation, boards of social services, county prosecutors, and constitutional officers).
- B. As a result of the 2% cap and because counties deliver services effectively through economies of scale, municipalities are looking to counties to provide traditional municipal services such as 911 dispatch, cooperative purchasing, tax assessment, and more.

5. 2017 Cap Law

- A. In 2017, a new law imposed a 2.0% spending cap on each of independent autonomous agencies along with restrictions on personnel matters.
- B. This law further centralized and strengthened the management of county government.

6. COUNTY GOVERNMENT TODAY

- A. Critical services include: administering social service programs; maintaining and operating county jails, park systems, court facilities, and virtually every bridge in the State; funding county colleges, county vocational-technical schools, and prosecutor offices; managing elections and vital statistics; probating wills; promoting economic development and job growth; providing transportation services for the aged and disabled; regulating consumer affairs; handling solid

waste and recycling activities; delivering health and human service programs, and much more.

- B. Traditional Municipal functions include administering and managing cooperative purchasing; 911 dispatch; animal control; public health; tax assessor; electronic waste recycling; public works; wastewater management; vehicle maintenance; EMS; police; and, more.

7. LEGISLATIVE ISSUES

A. Major Issues

- Securing 911 Funding
- Controlling court facility costs
- Mitigating employee healthcare costs
- Permanently extending the 2% cap on binding interest arbitration awards
- Reforming civil service

B. Additional Goals and Objectives

- Streamlining operations
- Protecting transportation funding
- Eliminating unfunded mandates

As an advocate and resource, NJAC is committed to advocating for legislation, regulations, and policy directives that empower county government to operate more effectively and efficiently. As a non-partisan organization that represents the only true regional form of government in the State with a unified and proactive voice, NJAC is dedicated to advancing innovative programs and initiatives that enhance the level of service provided and save valuable taxpayer dollars.

HEALTH PLAN ASSESSMENT

Also , on July 30th, both houses passed and sent to the Governor **SENATE, No. 2676** (*Vitale D-19*)(*Mckeon D-27*), which would require certain entities authorized to issue health and dental benefit plans to pay an annual assessment of 2.5% on net written premiums.

In general, this legislation would require such entities to annually file their net written premiums for the preceding year with the Commissioner of the Department of Banking and Insurance (DOBI) no later than April 1st of each year and to pay the assessment no later than May 1st of each year. The legislation would require all revenues collected under the bill to be deposited into a non-lapsing revolving fund to be known as the "Health Insurance Affordability Fund." As directed by the Commissioner of DOBI, in

consultation with the commissioners of the Department of Human Services and the Department of Health, this legislation would require the Commissioner of DOBI to use the monies only for the purposes of increasing affordability in the individual market and providing greater access to health insurance to the uninsured. This would include minors; households with an income below 400% of the federal poverty level; an expansion of eligibility; or, a modification of the definition of affordability in the individual market, through subsidies, reinsurance, tax policies, outreach and enrollment efforts, the NJ FamilyCare Advantage Program, or any other efforts that serve to increase the affordability for individual policyholders or reduce racial disparities in coverage for the uninsured. Finally, the legislation requires the Commissioner of DOBI to report on the steps taken under the bill concerning the affordability and reductions in racial disparities in health insurance coverage, which may include income level, race, and immigration status. Governor Murphy is expected to sign the bill into law.

It is NJAC's understanding that this legislation would not apply to entities that issue health or dental benefit plans to local governing bodies under the State Health Benefits Plan (SHBP), self-insured plans, joint insurance funds (JIFs), or health insurance funds (HIFs). It is also our understanding that entities that issue health and dental benefit plans to local governing bodies and participate in the fully insured market, or other, would continue to pay an excise tax on premiums as has been the case under the Affordable Care Act since 2010. Although the Act is to expire nationwide at the end of this year, S-2676 would implement certain provision of the Act in the State of New Jersey.

LAW ENFORCEMENT RESIDENCY REQUIREMENTS

On July 30th, the Senate passed **SENATE, No. 685** (*Ruiz D-29/Cunningham D-31*), which would authorize police and fire departments to establish certain residency requirements.

In summary, this legislation would authorize municipal, county, and regional police and fire departments to establish a five-year residency requirement for police officers and firefighters by adopting an ordinance prohibiting an applicant from obtaining employment unless the applicant agrees to remain a resident accordingly. The measure would require the Commissioner of the Department of Community Affairs (DCA) to approve such a requirement before it may take effect. The bill would provide applicants with six months from the date the applicant begins official duties, following all requisite training, to relocate to the municipality, county, or region served by the force. The legislation would provide an exemption if any member of a police or fire department suffers injury, or threat of injury to their person, family or property because of the member's status and member, to manipulate and investigation, or to otherwise influence a member to violate an official duty. **ASSEMBLY, No. 3386** (*McKeon D-27/Tucker D-28*) is currently in the Assembly State and Local Government Committee awaiting consideration.

TRANSPORTATION SERVICE COORDINATION TASK FORCE

Additionally, on July 30th, the General Assembly passed **ASSEMBLY, No. 2429** (*Benson D-14/Murphy D-7*), which would establish a “Transportation Services Coordination Task Force.”

In summary, the bill would require the Task Force to study and make findings and recommendations concerning all potential opportunities for New Jersey Transit (NJT), the New Jersey Department of Transportation (DOT), and each county in New Jersey to better coordinate transportation services offered throughout the State with a particular focus on transit-dependent individuals. The bill would require the Task Force to submit a report on its findings to the Governor and Legislature within one year of the effective date of the bill’s enactment. The Task Force would be comprised of the NJT, the Commissioner of DOT, and one person from each of the 21 counties in this State who has expertise and experience in public transportation in the person’s respective county and who is to be appointed by the person’s respective board of chosen freeholders. The bill would require that appointments to the Task Force must be made within 30 days of the bill’s effective date and that vacancies must be filled in the same manner as the original appointments. Finally, the legislation would require the Task Force to organize within 60 days after enactment. The companion version **SENATE, No. 1555** (*Scutari D-22*) is currently in the Senate Transportation Committee awaiting consideration.

As has been well documented, county governments across the State provide life sustaining transportation services to senior citizens, individuals with disabilities, veterans, welfare-to-work residents, and others with mobility needs. Although the types of transportation services may vary somewhat from county-to-county, the following list provides a general, but not exhaustive, summary of the rides available to the State’s most vulnerable population: medical appointments for hemodialysis, chemotherapy, and radiation; physical and mental therapies; employment and educational training opportunities; veteran services; recreational activities; meals on wheels; and, visitation to loved ones in nursing homes and hospitals. As demand for community transportation systems have grown exponentially, NJAC looks forward to reviewing the Task Force report and the opportunity to enhance the essential transportation services available to those most in need.

COVID-19 EMPLOYEE BENEFITS

July 30th was a busy day as both houses also passed **SENATE, No. 2380** (*Sweeney D-3/Scutari D-22*)(*Giblin D-34/Burzichelli D-3*), which would create a rebuttable presumption concerning COVID-19 employee benefits under certain circumstances.

In summary, this legislation would create a rebuttable presumption that if health care workers, public safety workers, or other essential employees contract coronavirus, the

virus would be considered work-related and fully compensable for the purpose of workers' compensation benefits and other employment benefits provided for work-related injuries and illnesses. The bill would define essential employee as an employee in the public or private sector, who during a state of emergency: is a public safety worker or first responder, including any fire, police or other emergency responders; is involved in providing medical and other healthcare services, emergency transportation, social services, and other care services, including services provided in health care facilities, residential facilities, or homes; performs functions which involve physical proximity to members of the public and are essential to the public's health, safety, and welfare, including transportation services, hotel and other residential services, financial services, and the production, preparation, storage, sale, and distribution of essential goods such as food, beverages, medicine, fuel, and supplies for conducting essential business and work at home; or, is any other employee deemed an essential employee by the public authority declaring the state of emergency.

NJAC is generally concerned that this legislation would ultimately increase county expenditures because of the shift in the burden of proof from workers to employers, which will likely result in increased claims for workers' compensation benefits by employees. It's unclear at this time whether Governor Murphy will sign the bill into law as the legislation would similarly alter the State's burden of proof as an employer and would increase State expenditures at a time in which the State is facing a projected \$10,000,000,000.00 billion revenue shortfall caused by the COVID-19 public health crisis.

STATE HOUSE TRIVIA: Did you know that the top 10 TV shows to binge watch during summertime thunderstorms include: (10) The Walking Dead seasons 1 & 2 and maybe season 3 if time permits (9) Married with Children (8) The X-Files (7) Sanford and Son (6) Deadwood (5) All in the Family (4) The Rifleman (3) Supernatural (2) Star Trek (1)The Twilight Zone

"A vacation is what you take when you can longer take what you have been taking." Earl Wilson