

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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PROPERTY TAX GRACE PERIOD AND OTHER DEADLINES

Earlier today, both houses of the Legislature passed **SENATE, No. 2932/ASSEMBLY, No. 3969 (Sarlo D-36)(Danielson D-17)**, which would allow for the extension of certain local government timeframes, to accept certain payments electronically, to conduct certain meetings remotely, and to adjust certain property tax distribution and notice requirements.

Although its application would be very limited and its implementation would be much more palatable than similar legislation, NJAC remains opposed to the provision of this bill that would authorize a municipality to extend the property tax collection grace period and the time in which a town must pay a county and school district. In short, the provision would provide very little, if any, property tax relief for homeowners who would be forced into making quarterly mortgage payments within a 2-month period and could potentially restrict the cash flow to all levels of government at a time in which local governing bodies are struggling with extraordinary expenses and substantial revenue shortfalls.

This is particularly troublesome for county governments, which have been at the forefront at providing essential services and protecting the public health, safety, and welfare of residents across the State during the COVID-19 public health crisis. Additionally, not only would the bill authorize a town to unilaterally extend the property tax collection grace period, subject to the approval of the Director of the Division of Local Government Services (DLGS), but it would also authorize a county to waive charging the mandatory interest for late payments due by a town, which would undoubtedly lead to acrimony between the two levels of government instead of maintaining clear guidance on the matter. Thank you to Senator Sarlo, who incorporated many of our recommendations into the final measure, which Governor Murphy will likely sign into law.

As noted above, the bill would also provide the Director with the authority to permit municipalities to institute an extended grace period for quarterly property tax payments and other municipal charges for the first \$10,000 due and owing for the property tax quarter. The bill would also permit the Director to extend the dates for the payment of property taxes collected by a municipality to a county, school district, and any other taxing district; the extension permitted shall be equal to the

number of days of the extended grace period. The bill also would permit a county to waive the 6% per year interest that a municipality is required to pay to a county when it does not turn over property tax revenue collected by the municipality on the county's behalf on the statutorily-required dates, if the municipality adopts the above extended grace period and a public health emergency or a state of emergency has been declared by the Governor and is in effect. Such a waiver would expire 30 days after the end of the municipality's extended grace period. Moreover, the bill would require the Director of DLGS to consider the fiscal conditional of all levels of government before authorizing any extension.

The bill would further provide expansive authority to the Director of the Division of Local Government Services (DLGS) in the Department of Community Affairs to extend certain deadlines applicable to local government units of the State during periods of emergency declared by the Governor. These deadline would include, but are not limited to: a county's notification to the Director of a county board of taxation's failure to receive a copy of a school or municipal budget; a county board of taxation's substitution of an adopted municipal budget for an amount certified by the director; a county board of taxation to complete a table of aggregates; the Director to act as necessary in order to consolidate ballot questions and procedures when a governing body elects to hold certain referendums; the Director to review and approve municipal budgets that are not subject to local review; a municipality to certify a preliminary tax levy; and, a municipality to cause an annual audit of their books, accounts, and financial transactions. The bill would take effect immediately and would be retroactive to March 9, 2020, when Executive Order No. 103 was issued, declaring a public health emergency and state of emergency in response to COVID-19 public health crisis.

COVID-19 RELIEF BONDS

Also today, the General Assembly passed by a vote of 56-20-4 **ASSEMBLY, No. 3971** (*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. NJAC supports the measure as it would provide a valuable mechanism to help navigate the unprecedented budget challenges all local governing bodies will undoubtedly face as a result of the COVID-19 public health crisis.

In summary, 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.

In addition to the procedures for adoption of a bond ordinance required under the Local Bond Law, after introduction and first reading of a refunding bond ordinance authorizing the issuance of coronavirus relief bonds, and at least one week prior to the date set for further consideration, this legislation would require a local unit to display the introduced refunding bond ordinance on the home page of its website together with a summary of the ordinance, notice of introduction of the ordinance, and of the date, time, and place of further consideration for final passage of the ordinance. The bill would also require a local unit, prior to authorizing the issuance of Coronavirus Relief Bonds, to apply for financial assistance that may be available to the local unit from the federal government, the State, and other sources to address revenue shortfalls and expenditures due to the COVID-19 pandemic, if any.

The measure would also establish criteria for determining the total amount of coronavirus relief bonds that a local unit may issue. First, a local unit would be required to subtract all amounts of assistance provided to the local unit from the federal government, the State, and other sources to address revenue shortfalls and expenditures due to the COVID-19 pandemic. Second, the local unit would be required to determine the amount of lost or delayed tax and other revenues experienced by the local unit, and the amount of unanticipated expenses that are incurred by the local unit, due to COVID-19 within 24 months after the end of the Public Health Emergency and State of Emergency declared in New Jersey due to COVID-19. The bill would further limit that amount by providing that the total amount of Coronavirus Relief Bonds that a local unit may issue cannot cause the local unit to exceed its net debt limitation under the Local Bond Law.

The bill would authorize a local unit to use the proceeds from the sale and issuance of Coronavirus Relief Bonds to address a revenue shortfall experienced by the local unit, and to cover the costs of unanticipated expenses, that are directly attributable to the COVID-19 pandemic and which occurred within 24 months after the end of the Public Health Emergency and State of Emergency declared in New Jersey due to COVID-19. The legislation would further authorize a local unit, in anticipation of the issuance of Coronavirus Relief Bonds, to borrow money and issue and renew negotiable notes in accordance with the provisions of the Local Bond Law, However, the bill would allow a note issued in anticipation of the issuance of coronavirus relief bonds to be issued for a period not exceeding two years.

The measure would require that final maturity of a coronavirus relief bond must be within ten years from the initial issuance of the bond. However, a local unit may apply to the Local Finance Board for a longer repayment term. If the local unit demonstrates a need for a longer repayment term to the satisfaction of the Local Finance Board, the board may authorize a longer repayment term. The maturity schedule may include a combination of notes and bonds as deemed appropriate by the local unit, and bonds will mature in amounts deemed appropriate by the local

unit. The bill would require the Local Finance Board to render a decision on an application for approval submitted to it under the bill within 45 days of the submission of a complete application to the board. Failure of the board to act on an application within that timeframe will result in an approval of the application.

Finally, the legislation would provide that a county improvement authority may exercise its ability to pool loans for local governmental units within the county or any beneficiary county that are refunding bonds for the pooling of Coronavirus Relief Bonds. The companion version **SENATE, NO. 2475** (*Singleton D-7/Gopal D-11*) is currently in the Senate Community and Urban Affairs Committee awaiting consideration.

EMPLOYEE FURLOUGHS

Both houses of the Legislature also passed today and sent to the Governor's Desk **SENATE, NO. 2350/ASSEMBLY, NO. 4132** (*Sweeney D-3/Pou D-35(Taliaferro D-3)*), which would enhance certain benefits and leave for employees under certain circumstances. NJAC supports this initiative as an innovative solution to a complicated problem that fairly and equitable balances certain revenue shortfalls with the ability of public employees to earn a living.

In general, this legislation would help certain laid off workers by increasing the maximum amount which a laid off worker may earn in employment with a reduction in unemployment insurance (UI) benefits from 20% of the workers UI benefit amount to 40% of the worker's weekly UI benefit during the time there is federal financing of State unemployment benefits under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Similarly, this legislation would also reduce the minimum weekly earnings required in each of 20 base weeks for a worker to be eligible for UI benefits from 20 times to 10 times the State minimum wage, and reducing the alternative annual earnings required for eligibility from 1,000 times to 500 times the State minimum wage. The bill would further permit, if an employer gives advanced notice of a layoff, a worker to file for UI benefits upon receiving notice and be paid at the commencement of unemployment.

With respect to furloughs, the measure attempts to facilitate providing the maximum possible benefits for employees and savings for employers from the federal financing of UI benefits under short-time compensation programs, and emergency UI benefits, pursuant to the CARES Act. The bill would require the Division of Unemployment and Temporary Disability Insurance to make available to employers who may be eligible to participate in a shared work program under for which federal funding is available under the CARES Act, a guidance document which explains: what the employer is required to do to establish shared work programs eligible for the federal funding, including certifying that unions representing the employees agree to the terms of the program and that the employer will continue current health insurance and pension coverage, paid time off and other benefits; and, procedures for an employer to apply for approval of a shared work program, including how the employer may make preliminary

calculations of benefits to be paid to participating employees to expedite rapid benefit payments.

The bill would require that pensions, health benefits, seniority rights, and other benefits for public employees may not be reduced under the program. It requires that contributions, and the accrual of service credit, continue as if the worktime was not reduced. The Division would be required to assist, upon request, employers making applications, and allow applications to be approved in advance to facilitate benefit payments as soon as reduced hours commence. The Division may permit the payment of benefits to commence immediately upon the application date, paying benefits based on division determinations, or on preliminary determinations made by the employer which the division reviews and, if appropriate, revises, and subsequently pays any underpayment in benefits, or collects from subsequent benefits any overpayment in benefits without penalty to the employees and, if the employer made a good faith effort to follow the division's guidance, without penalty to the employer. Workers receiving shared work benefits under the bill would be exempt from existing requirements regarding prenotification of layoffs for employees under civil service and requirements for full payment for school employees. It's unclear at this time if Governor Murphy will sign the bill into law.

EXTENSION OF AGENCY PERMITS, APPROVALS, AND DEADLINES

Both houses also passed **SENATE, NO 2346/ASSEMBLY, NO. 3919** (*Sarlo D-36/Sweeney D-3*)(*Calabrese D-36/Spearman D-5*), which would extend certain State, regional, county, and municipal agency permits, approvals and deadlines during the COVID-19 public health crisis.

In summary, this bill would create a new extension period under the "Permit Extension Act of 2008," which would cover permits in existence during the period in which the COVID-19 public health emergency or state of emergency is in effect. Such approvals would not extend beyond 6 months after the conclusion of the extension period, except that for a construction project suspended pursuant to either the Governor's Executive Order No. 122 or any other government order, the tolling period would be 12 months beyond the conclusion of the COVID-19 extension period.

The bill also suspends certain requirements and timeframes imposed applicable to a person who performs soil and fill recycling services related to road or bridge construction activities. The measure also would extend certain timeframes by which planning and zoning boards have to grant or deny certain applications pursuant to the "Municipal Land Use Law" in order to provide adequate time to evaluate projects already in the pipeline during a time in which it is difficult to conduct government business. The bill would further require State agencies to place a notice in the New Jersey Register tolling approvals within 30 days of the effective date of the bill. The bill would take effect immediately and would be retroactive to March 9, 2020, when Executive Order No. 103 was issued, declaring a public health emergency and state of emergency in response to COVID-19 public health crisis.

CIVIL SERVICE TRANSFERS

On May 12th, the Senate Budget and Appropriations Committee favorably **SENATE BILL No. 2477** (*Sweeney D-3/Doherty R-23*), which would permit State and local government employees in civil service to be transferred under certain circumstances. NJAC strongly supports this legislation as a creative way to effectively use all employees to deliver essential service during the COVID-19 public health crisis.

In summary, this legislation would permit an employee of the State, or any local governing body that participates in civil service, who is in the classified or unclassified service of the civil service to be transferred or reassigned by the appointing authority during the period of a state of emergency or public health emergency declared by the Governor to another job assignment that is within or outside of the employee's job title and that is within the employee's organizational unit or department or that is in another organizational unit or department.

The measure would also provide that if the appointing authority decides to transfer or reassign an employee, the appointing authority may order the transfer or reassignment only when the workforce needs of the organizational unit or department within which or to which the employee is transferred or reassigned have been adversely impacted by the events that caused the state of emergency or public health emergency to be declared by the Governor. The transfer or reassignment has to be for the sole purpose of responding to, mitigating, or recovering from the adverse impact, including but not limited to the processing of applications from members of the public for benefits which has been adversely impacted. The transfer or reassignment would be for a temporary period of no more than 30 consecutive or intermittent days.

The bill would further require that the seniority rights, the accumulated leave balances, salary steps, promotional rights, and other substantive rights, within the job title, job classification, and job assignment from which the employee was transferred or reassignment will not be adversely affected by the transfer or reassignment. The measure would not require the consent of the employee for the transfer or reassignment to occur but would not apply to an employee holding a public safety title and job assignment. There is no companion version of this legislation in the General Assembly at this time

STATE HOUSE TRIVIA: Did you know that Highlands, NJ has the highest elevation along the entire eastern seaboard from Maine to Florida?

"If there's heaven for me, I'm sure it has a beach attached to it." Jimmy Buffet