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

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PROPERTY TAX GRACE PERIOD AND OTHER DEADLINES

On May 7th, the Senate Budget and Appropriations Committee was set to consider, instead held **SENATE, NO. 2932** *(Sarlo D-36),* which would allow for the extension of various local government deadlines under certain circumstances. The Committee will likely amend the measure and consider it at its next meeting on Tuesday.

Although its application would be very limited, NJAC remains concerned with the provision of this legislation 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.

More specifically, and as noted above, the bill would authorize the Director of the Division of Local Government Service (DLGS) to permit a municipality to extend the 10-day grace period in which property taxes may be paid without accruing interest to a maximum of 30 days during a period in which a public health emergency or state of emergency has been declared by the Governor and is in effect. 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.

Additionally, the bill would provide expansive authority to the Director of DLGS to extend certain deadlines applicable to local government units of the State during periods of emergency declared by the Governor, which would include: 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.

In addition, the bill would provide the Director of DLGS with the authority to permit municipalities to institute an extended grace period for quarterly property tax payments and other municipal charges notwithstanding the maximum number of days. The bill would also empower the director to extend deadlines under the "Municipal Land Use Law." The measure would extend certification renewal periods for various county and municipal officers, including finance officers, tax collectors, and tax assessors. The legislation would further permit various temporary or acting county and municipal officials to be reappointed on a temporary or acting basis for up to three subsequent one-year terms, if the person appointed on a temporary or acting basis is serving in that capacity as of the effective date of the bill.

The bill would also authorize local public bodies to hold public meetings remotely by electronic means during periods of emergency declared by the Governor so long as reasonable public notice and provision for public input is made under the circumstances. This provision of the bill is 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. The measure requires the Director of the Division of Local Government Services to adopt regulations for the conduct of these remote meetings, which would later take effect and be followed upon their adoption. S-2392 would also clarify that local governments may accept specific types of electronic payments. Namely, this bill would allow local governments to accept payments through in-person-based electronic transfer services, such as a Western Union kiosk, as well as Internet-based electronic transfer systems, such as PayPal and Venmo. The enhanced flexibility provided by this bill to make remote, electronic payments to local governments is of particular importance in light of the social distancing required by the current COVID-19 crisis.

Additionally, this bill would clarify the form and content of the notice required to be provided to property taxpayers when a municipality changes the rate of interest to be charged on delinquent property taxes. Under existing law, in any year when the governing body of a municipality changes the rate of interest to be charged for delinquent taxes, assessments or other municipal charges, or for the end of the year penalty, the governing body is required to provide a notice to all taxpayers, prior to the date taxes are next due or with the tax bill, of the new rate or rates to be charged and the date that the new rate or rates are to take effect. Under the bill, in addition to the new rate or rates of interest to be charged and the effective date of the change in the rate or rates, if the new rate or rates of interest will not be effective for the rest of the property tax year, the notice must specify the property tax quarter or quarters for which the change in the rate or rates shall apply. The bill further provides that the notice requirement may be satisfied by using either regular mail, or two of the following alternatives: electronic mail, a text messaging system, a telephonic system, or any other digital platform used by the municipality to disseminate information to municipal residents electronically.

Lastly, the bill would provide that if the full amount of the employer's contributions certified by the Police and Firemen's Retirement System or the Public Employees' Retirement System was not made within 30 days after the required due date when that due date occurred in the year 2020, the interest at the rate of 10 percent per year that is required to be assessed against the unpaid balance thereof on the first day after such 30th day not be assessed for an additional period of 30 days. If the full amount of the certified employer's contributions is not made within 60 days after the required due date, the interest would be assessed against any unpaid balance of that employer on the first day after that 60th day. This provision would also be retroactive to March 9, 2020. The Assembly Appropriations Committee will consider the companion **ASSEMBLY, NO. 3969** (Danielson D-17) at its meeting on Monday.

COVID-19 RELIEF BONDS

Also, on May 7th, the Assembly Commerce and Economic Development Committee amended and favorably reported **ASSEMBLY, NO. 3917** *(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 under certain circumstances. Of note, the Committee amended the bill, in part, to authorize county improvement authorities to pool loans for local governing bodies under certain circumstances and Senator Troy Singleton (D-8) announced today that he plans to introduce identical legislation in Senate. NJAC supports the measure as it would provide a critical resource 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 general, the bill would establish a new financing mechanism to enable local units to borrow money to address the costs attributable to increased expenses and revenue shortfalls due to the COVID-19 pandemic, and to pay back that money over a 10-year period. Under the bill, a local unit that requires moneys because of a loss of revenue, unanticipated expenses, or both, which are directly attributable to the COVID-19 pandemic may incur indebtedness, borrow money, and authorize and issue "coronavirus relief bonds." Coronavirus relief bonds would be payable from, and secured by a pledge of, unlimited ad valorem taxes.

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 will not be required to secure Local Finance Board approval unless: the local unit seeks to issue debt that exceeds 20% 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 bond ordinance authorizing the issuance of coronavirus relief bonds, and at least one week prior to the date set for further consideration, a local unit must display the introduced 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 provides that bonds and notes issued under the bill may be paid in full prior to full maturity without incurring a penalty for early repayment.

The bill would require a local unit, prior to authorizing the issuance of coronavirus relief bonds, to thoroughly investigate, and 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. The bill sets forth criteria for determining the total amount of coronavirus relief bonds that a local unit may issue. First, a local unit must subtract all amounts of assistance anticipated by, available to, or 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 must 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 then limits that amount be providing that the debt cannot cause the local unit to exceed its net debt limitation under the Local Bond Law or cause the local unit to exceed the maximum amount of tax anticipation notes it may issue under the Local Budget Law.

Under the bill, a local unit may 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 bill authorizes 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 allows a note issued in anticipation of the issuance of coronavirus relief bonds to be issued for a period not exceeding two years.

The bill would provide that a coronavirus relief bond, or a note in anticipation thereof, must be initially issued within 24 months after the end of the Public Health Emergency and State of Emergency declared in New Jersey due to COVID-19. Final maturity of a coronavirus relief bond must be within ten years from the initial issuance of the bond or the initial issuance of a note in anticipation thereof. 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. The legislation 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.

WORK FIRST NEW JERSEY

Further, on May 7th, the Assembly Commerce and Economic Development Committee favorably reported **ASSEMBLY, NO. 3905/SENATE, NO. 2329** *(Timberlake D-34/Vainieri Huttle D-37)(Ruiz D-29/Vitale D-19),* which would revise the requirements for cash assistance benefits under the Work First New Jersey (WFNJ) program.

In very broad terms, the bill would provide that an individual who is otherwise eligible for general assistance benefits under WFNJ would not be deemed ineligible for public assistance solely on the grounds that the individual is enrolled in an institution of higher education. Additionally, the bill would allow recipients engaging in alternative work experience to engage in unpaid work and training with either a for-profit or nonprofit employer; current law only allows placement with nonprofit and charitable employer. An assignment to a for-profit employer may not exceed six months and would be conditioned on the assignment likely leading to full-time employment with the employer. The bill would limit the amount of time a recipient may be assigned to alternative work experience with any employer to no more than six months in a 12-month period. The bill would similarly limit the amount of time a recipient may be assigned to community work experience to no more than six months in a 12-month period. A-3905/S-2339 is on Second Reading in the General Assembly after the Senate passed its version of the bill earlier in the year.

PROPERTY TAX APPEALS

Additionally, on May 7th, the Senate Budget and Appropriations Committee favorably reported **SENATE, NO. 2387** *(Sarlo D-36/Cryan D-2),* which would extend the date to file a property tax appeal under certain circumstances.

In general, this legislation would extend, for the tax year of 2020, the deadline to file an appeal for the assessment of a parcel of real property pursuant to July 1, 2020, and the deadline for county boards of taxation to render decisions in tax appeal cases to September 30, 2020. This legislation would not apply to a county participating in the Property Tax Demonstration Program (Monmouth County), the Property Tax Assessment Reform Act (Gloucester County), and any other county that has adopted a resolution to adopt an alternative real property assessment calendar. The companion version **ASSEMBLY, NO. 4123** *(Mukherji D-33)* is currently in the Assembly State and Local Government Committee awaiting consideration.

EMPLOYEE FURLOUGHS

Finally, on May 7th, the Senate Budget and Appropriations Committee amended and favorably reported **SENATE, NO. 2350** *(Sweeney D-3/Pou D-35),* which would enhance certain benefits and leave for employees under certain circumstances.

Although NJAC is still in the process of reviewing the amendments, the Association supports the 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 brief, the bill would guarantee furloughed employees that their future pension benefits would not be reduced and that they would continue to accrue seniority. It would allow public and private sector employers to launch furlough programs in compliance with the New Jersey law now for approval retroactively. It also would increase from 20 percent to 40 percent the amount of income that unemployed workers can earn without affecting their unemployment benefits and would allow pre-certification of unemployment benefits for workers scheduled to be furloughed or laid off. Stay tuned for additional details next week as the Assembly Appropriations Committee will consider the companion version **ASSEMBLY, NO. 4132** *(Taliaferro D-3)* at its meeting on Monday.

UPCOMING NJAC EVENTS: Stay tuned for additional details about a webinar on furloughs by NJAC's Labor Counsel Genova Burns.

STATE HOUSE TRIVIA: Did you know that New Jersey is the largest harvester of surf claims in the entire nation?

"As we express our gratitude, we must never forget that the highest appreciation is to not utter words, but to live by them." John F. Kennedy