

STATE HOUSE NEWS FOR FINANCE OFFICERS

November 2, 2018

WORKERS COMPENSATION COVERAGE

On October 18th, the Assembly Labor Committee favorably reported **SENATE, NO. 716/ASSEMBLY, No. 1741** (*Greenstein D-14/Bateman R-16*)(*Quijano D-20/Benson D-14*), which would create a rebuttable presumption of workers' compensation coverage for public safety workers and other employees under certain circumstances.

In summary, this bill would provide that if in the course of employment, a public safety worker is exposed to a serious communicable disease or a biological warfare or epidemic-related pathogen or biological toxin, all care or treatment of the worker, including services needed to ascertain whether the worker contracted the disease, shall be compensable under workers' compensation, even if the worker is found not to have contracted the disease. If the worker is found to have contracted a disease, the bill would create a rebuttable presumption that any injury, disability, chronic or corollary illness or death caused by the disease is compensable under workers' compensation.

Additionally, the measure would affirm workers' compensation coverage for any injury, illness or death of any employee, including an employee who is not a public safety worker, arising from the administration of a vaccine related to threatened or potential bioterrorism or epidemic as part of an inoculation program in connection with the employee's employment or in connection with any governmental program or recommendation for the inoculation of workers. The bill would create a rebuttable presumption that any condition or impairment of health of a public safety worker which may be caused by exposure to cancer-causing radiation or radioactive substances is a compensable occupational disease under workers' compensation if the worker was exposed to a carcinogen, or the cancer-causing radiation or radioactive substance, in the course of employment.

The bill would further require employers to maintain records of instances of the workers deployed where the presence of known carcinogens was indicated by documents provided to local fire or police departments under the "Worker and Community Right to Know Act," and where events occurred which could result in exposure to those carcinogens. In the case of any firefighter with seven or more years of service, the bill would create a rebuttable presumption that, if the firefighter suffers an injury, illness or death which may be caused by cancer, the cancer is a compensable occupational disease.

The bill would also provide that with respect to all of the rebuttable presumptions of coverage, employers may require workers to undergo, at employer expense, reasonable testing, evaluation and monitoring of worker health conditions relevant to determining whether exposures or other presumed causes are actually linked to the deaths, illnesses or disabilities, and further provides that the presumptions of compensability are not adversely affected by failures of employers to require testing, evaluation or monitoring. The measure would cover public safety workers covered by the bill include paid or volunteer emergency, correctional, fire, police and medical personnel.

Although GFOA certainly supports our first responders and public safety workers, the Association is concerned with the substantial costs this legislation would impose on local governing bodies as it would dramatically increase workers' compensation claims as the claims covered under the bill are currently paid for by Medicaid and health insurers. The Senate passed S-716/A-1741 on June 7th by a vote of 29-4 and the Assembly Labor Committee Second Referenced the measure to the Assembly Appropriations Committee for consideration.

COMMON SENSE SHARED SERVICES PILOT PROGRAM ACT

On October 29th the both houses unanimously passed **ASSEMBLY, No. 1100/SENATE, No. 1586** (Downey D-11/Houghtaling D-11)(Gopal D-11/Singleton D-7), which would add Monmouth and Atlantic counties as pilot counties under the Common Sense Shared Services Pilot Program Act.

In summary the Common Sense Shared Services Pilot Program Act authorizes the sharing of services for a municipal clerk, chief financial officer, assessor, tax collector, municipal treasurer, or municipal superintendent of public works without regard to the tenure rights that persons who hold those positions may have. Under the pilot program, municipalities may enter into shared service agreements for the services of tenured employees; and, provide for the dismissal of any tenured local employees who are not selected to be service providers under the shared services agreement. Under current law, Camden, Morris, Ocean, Sussex, and Atlantic counties operate under the pilot program.

The legislation would also require a shared services agreement under the pilot program to address the proportion of work hours that a selected municipal clerk, chief financial officer, assessor, tax collector, municipal treasurer, or municipal superintendent of public works would be required to dedicate to each pilot municipality. The legislation would further require a shared services agreement to address any additional compensation that the selected employee may receive for assuming additional duties under the agreement. If the selected employee receives additional compensation for assuming additional duties under the shared services agreement, the additional compensation would not be reduced during the term of the agreement without good cause. The legislation would clarify that such a tenured local official who is reappointed to the their former position upon the cancellation or expiration of a shared services agreement within the two-year period immediately following their dismissal would be entitled to the same level of salary or

wages the employee had received at the time of their dismissal, augmented by any increases in salary granted to all other tenured employees while the shared services agreement was in effect. Governor Murphy is expected to sign the measure into law.

STORMWATER UTILITIES

On October 22nd, the Assembly Telecommunications and Utilities Committee Second Referenced to the Assembly Appropriations Committee for consideration **SENATE, NO. 1073/ASSEMBLY, NO. 2694** (*McKeon D-17/Pinkin D-18*) (*Smith D-18 /Bateman R-16*), which would bill permit counties, municipalities, and certain authorities to establish stormwater utilities and related fees and other charges.

In summary, this bill would authorize a county or municipality to establish a stormwater utility for the purposes of acquiring, constructing, improving, maintaining, and operating a stormwater management system. The county or municipality may establish a stormwater utility as a new department within the county or municipality, or as an operation of an existing department having responsibility and control over a stormwater management system. Under the bill, a county, municipality, or authority that establishes a stormwater utility would be authorized to charge and collect reasonable fees and other charges to recover the stormwater utility's costs for stormwater management. These fees and other charges would be collected from the owner or occupant of any real property from which stormwater runoff enters the stormwater management system or the waters of the State. In establishing a fee or other charge, a local unit would be required to provide a partial fee reduction in the form of a credit for any property which has installed and is operating and maintaining stormwater best management practices that reduce, retain, or treat stormwater onsite. A local unit would be required to provide an additional credit to any property which has installed and is operating and maintaining green infrastructure onsite. Under the bill, land actively devoted to agriculture or horticulture would be exempt from any fee or other charge.

The measure would also authorize a local unit to use the fees or other charges collected for a variety of stormwater-related purposes outlined in the bill. A local unit that collects fees or other charges would be required to remit to the State Treasurer annually an amount equal to five percent of all fees or other charges, or \$50,000, whichever amount is less. The State Treasurer would deposit these moneys into the "Clean Stormwater and Flood Reduction Fund" (fund), established by the bill. Moneys deposited in the fund would be specifically dedicated and used by the Department of Environmental Protection (DEP) to fund planning, implementation, and coordination activities related to stormwater utilities in the State, water quality monitoring and assessment, point and non-point source water pollution reduction projects, implementation of the DEP's stormwater management program, and a public education and outreach program relating to stormwater management.

Under the bill, a local unit that establishes a stormwater utility would be permitted to issue bonds for the purpose of raising funds to pay the cost of any part of the stormwater

management system. Additionally, the bill would provide that a local unit that establishes a stormwater utility may acquire by gift, grant, purchase, condemnation, or in any other lawful manner, any privately-owned stormwater management system or any real property necessary for the construction, improvement, operation, or maintenance of a stormwater management system. However, if a local unit requires any payment as a condition of assuming ownership, operation, or maintenance of any privately-owned stormwater management system, the payment could not exceed the costs attributable to the stormwater management system. The bill would further provide that a local unit that establishes a stormwater utility may enter into a contract with a private entity for the planning, design, engineering, construction, improvement, maintenance, and operation of a stormwater management system. Additionally, the legislation would permit a local unit to use local competitive contracting in lieu of public bidding for the hiring of a private or nonprofit entity to operate and manage a stormwater management system. The Assembly Appropriations Committee is expected to consider the measure at one of its upcoming meetings.

RESIDENCY REQUIREMENTS

On October 18th, the Senate Economic Growth Committee favorable reported **SENATE, NO. 1917 (Ruiz D-29/Cunningham D-31)**, which would authorize municipalities to prohibit an applicant from obtaining employment with a municipal police department or paid fire department unless the applicant agrees to remain a resident of the municipality for the first five years of employment.

The bill would also permit county and regional police and fire forces to implement the residency requirements. In any municipality with such an ordinance, the legislation would provide an applicant with six months from the date the applicant begins their official duties, following all requisite training, to relocate to the municipality, county, or region served by the force. The bill would also provide an exception to the residency requirement if any member of the fire department or police department suffers injury, or a threat of injury, to their person, family, or property, committed by another who acts with purpose to: intimidate the member because of their status as a member; manipulate an investigation; or, otherwise influence the member to violate their official duties. S-1917 is on Second Reading and the companion version **ASSEMBLY, NO. 2922 (McKeon D-27)** is currently in the Assembly State and Local Government Committee awaiting consideration.

\$500.0 MILLION IN NEW STATE DEBT ON NOVEMBER BALLOT

John Reitmeyer, NJ Spotlight, October 23, 2018

General-obligation bonds would fund expansion of vo-techs and other upgrades to educational facilities. New Jersey voters have been more than willing to authorize several major state borrowing initiatives in recent years, and they will soon decide whether the state should take on another \$500 million in new debt to fund a wide range of education-facility upgrades. The only public question on the November ballot this year asks voters

whether they want \$500 million in general-obligation bonds to be issued that would be used to pay for the expansion of career-training facilities at both the high school and county college level, and to also fund improvements to K-12 school security and drinking-water systems across the state.

The proposed borrowing has widespread support in the Legislature, including from key leaders in both parties. It's also been endorsed by a number of business-lobbying groups and the state's leading advocates for vocational-technical high schools. But concerns have also been raised about how the bond issue could impact the state's already significant debt burden, especially as more than \$1 billion in new borrowing has been authorized in recent months without any voter approval. The original proposal for the bond issue came out of a yearlong review of state policies related to the manufacturing industry, which lawmakers are trying to revive as a leading sector of New Jersey's economy. During a series of hearings, industry leaders told legislators they have a number of job openings but not enough qualified applicants to fill them.

Officials from the New Jersey Council of County Vocational-Technical Schools testified that more than 30,000 students filed applications last year to attend a vocational-technical high school, but only a little more than 12,000 students statewide were accepted, primarily due to space constraints. \$350 million of it would go to vo-techs. In response, the proposed bond issue would raise \$350 million to fund facility upgrades at the vocational-technical schools, and to also pay for school-security upgrades in K-12 districts, something that lawmakers added to the borrowing measure in the wake of the deadly school shooting earlier this year in Parkland, Florida that left 17 dead. Another \$50 million from the bond issue would be made available to county colleges to expand facilities used by their career-training students. The remaining \$100 million would fund water-infrastructure improvements at K-12 schools throughout the state.

Assembly Speaker Craig Coughlin (D-Middlesex) said the bond issue "offers a real chance to advance things that I think are important for the future (and) things that are important for the economy." "I'm proud to say that I'm going to support that public question," Coughlin said during a news conference in the State House yesterday. Joining him were Senate President Steve Sweeney (D-Gloucester) and several other lawmakers from both parties who back the \$500 million bond issue. "It's important that we expand the capacity of vocational schools so that we don't turn kids away," Sweeney said. Mike Wallace, the New Jersey Business & Industry Association's vice president of government affairs, said supporting the new borrowing issue is "an easy one" for his organization since it will help get more students trained to fill existing openings in the job market.

"We hear regularly from our employer members that they can't find the workforce with the necessary technical skills needed to fill these jobs," Wallace said. Judy Savage, executive director of the New Jersey Council of County Vocational-Technical Schools, also suggested the spending on the school facilities would bring a return to the broader state economy. "When we prepare more people for well-paying jobs, that's going to produce higher income-tax receipts for the state," she said. Even though the public question

received widespread, bipartisan support in the Legislature earlier this year, Gov. Phil Murphy cited broader concerns about the state's already significant debt burden as he used a late-August conditional veto to cut the overall size of the bond issue from the \$1 billion that was originally approved by lawmakers down to \$500 million. "While I certainly endorse the priorities established in this bill, I also believe that their long term fiscal implications must be carefully considered," Murphy said in the CV. As of the most recent official state-debt report from the Department of Treasury, New Jersey was carrying a total of \$46.1 billion in bonded debt, easily outpacing the size of the current, \$37.4 billion annual budget. Annual payments needed to pay off the state's bonded debt are also over \$4 billion in the current fiscal year.

Meanwhile, the Murphy administration in recent months has also signed off on \$600 million in new borrowing for a key commuter-rail bridge near Secaucus Junction and allowed for the refinancing of \$300 million in long-term debt to fund the ongoing renovation of the State House in Trenton. That follows some \$400 million in new debt that was issued in the final days of former Gov. Chris Christie's tenure to fund state building upgrades earlier this year. And all that debt was issued through the state Economic Development Authority in a way that doesn't require voter approval. The state's already large amount of borrowing was cited in a recent post on the conservative website Save Jersey that urged voters to reject the ballot question when they go to the polls on November 6. Website founder Matt Rooney wrote that lawmakers and the governor made no effort to "cut spending or reallocate funds to free up the cash for school improvements" as they moved the \$500 million bond issue onto the November ballot.

"The politicians are hitting New Jersey taxpayers up for more money since it's easier than doing their jobs," Rooney wrote. Still, New Jersey voters in recent years have a record of generosity when it comes to approving proposed bond issues, including last year when \$125 million in new borrowing for local library facility upgrades was approved by a large margin. In 2012, voters also authorized \$750 million in new debt to help fund improvements at colleges and universities throughout the state. In 2007 and 2009, voters also approved bond issues worth \$200 million and \$400 million, respectively, to support land-preservation efforts. Sen. Steve Oroho (R-Sussex) said it's "very critical" that voters can weigh in on the latest proposed borrowing issue, and he suggested it deserves support based on what the proceeds would be used for. "There's nothing more important than the security of our children. There's nothing more important than making sure that they're not drinking water with lead in it," Oroho said. "The voters I hope will recognize that this important for our economy, and very important for our children," he said.

Meanwhile, Murphy spokesman Matthew Saidel issued a statement yesterday that reaffirmed the governor's support for the scaled-down version of the borrowing issue. "Governor Murphy applauds the Legislature for identifying critical priorities in our education system in need of further investment," Saidel said.

CAMPAIGN AND ETHICS CHANGES, INFRASTRUCTURE AND DRUG PRICES

Nicholas Fandos, New York Times, October 31, 2018

WASHINGTON — Democrats would use their first month in the House majority to advance sweeping changes to future campaign and ethics laws, requiring the disclosure of shadowy political donors, outlawing the gerrymandering of congressional districts and restoring key enforcement provisions to the Voting Rights Act, top Democratic leaders said on Tuesday.

If they win, they would then turn to infrastructure investment and the climbing costs of prescription drugs, answering voter demands and challenging President Trump's willingness to work on shared policy priorities with a party he has vilified. The idea, said Representative Nancy Pelosi of California, the Democratic leader, is to show voters that Democrats are a governing party, not the leftist mob that Mr. Trump describes — and to extend an arm of cooperation to the president after an electoral rebuke.

“This is going to be a bitter pill for them all to swallow when they see the election results, if they turn out as we expect,” Ms. Pelosi said in an extended interview on Tuesday, predicting a Democratic wave. She added of the prospect Mr. Trump would collaborate, “I don't think he himself knows what he is going to do.” As Mr. Trump spends the final week of a scorched-earth midterm campaign rallying his base around hot-button immigration issues and depicting Democrats as a security threat, Ms. Pelosi and her deputies sought to project a more modest and politically popular agenda on issues ranging from health care to criminal justice changes. They said they would work to improve the Affordable Care Act, for example, rather than rushing to replace it with a single-payer health care plan. And even as they ready an onslaught of investigations into alleged malfeasance by the president and his administration, they said common ground could be found with Mr. Trump.

“We're still going to have Donald Trump as president, so obviously that's going to limit to an extent what we can accomplish in the short term,” Representative Jim McGovern, the Massachusetts Democrat who would be in line to chair the Rules Committee, said in an interview. “But one thing we can accomplish is we can run the place like professionals and restore some integrity to the institution.” Democrats, of course, may fall short of a majority on Tuesday, and if they do not net the 23 seats they need, there is no guarantee Mr. Trump, or Republicans who are expected to maintain control of the Senate, will cooperate. Mr. Trump has shown an interest in working with Democrats in the past, on issues like gun control and immigration, only to backtrack, and he could emerge from Election Day determined to shun Democrats.

Senator Mitch McConnell of Kentucky, the majority leader, would have his own motivations to bypass or block House proposals as he blockaded legislation pushed by President Barack Obama. Then there is the challenge of reining in the most energized liberal lawmakers for whom anything short of a presidential impeachment would be a compromise too far. But after eight years in the minority, most Democrats believe they

will need to do more than embarrass the White House with subpoenas and investigative hearings if they want to be more than a one-term majority and reclaim the presidency in 2020. Ms. Pelosi made clear her party would only bend so far. Democrats are not “going to lowest common denominator to get a presidential signature,” she said.

Representative Steny Hoyer of Maryland, Ms. Pelosi’s longtime No. 2, said Mr. Trump’s stances would speak for themselves to 2020 voters. “The best politics for us is trying to work toward adopting the best policy for the American people,” he added. As they talked up possible bipartisan initiatives, Ms. Pelosi and Mr. Hoyer said that Democrats would push through — on party line votes if necessary — other more liberal agenda items they say enjoy broad public support but have been stymied for years by Republican majorities. They include gun safety legislation, a bill to give permanent legal status and a path to citizenship to young, undocumented immigrants who came to the country as children, and the Equality Act, which would amend longstanding civil rights laws to extend legal protections based on sexual orientation and gender identity.

Ms. Pelosi said for the first time that she would urge her caucus to revive a select committee focused on climate change similar to the one that Democrats funded from 2007 to early 2011 to “prepare the way with evidence” for energy conservation and other climate change mitigation legislation. Republicans defunded the panel when they took the majority, but Ms. Pelosi said it was clearly still needed to educate the public about the impact of more frequent extreme weather events. “The template for 2020 is getting built in the House,” Representative Raúl Grijalva of Arizona, a progressive in line to chair the Natural Resources Committee, said summing up another Democratic view. Democrats have also prepared detailed, more liberal approaches for a \$1 trillion infrastructure package and how to slow the increases in prescription drug costs, but indicated that they would steer proposals through the regular committee process in an effort to try to build a consensus with Republicans first. Mr. Hoyer said Democrats and Republicans would disagree over how to fund infrastructure spending, but they could bridge the gap with Mr. Trump’s help.

“His objectives are objectives that we share,” he said. “If he really means that, then there is an opening for us to work together.” At least in theory, Democrats view election and ethics reform as another issue of potential collaboration. But their legislative package of more than a dozen bills, overseen by Representative John Sarbanes of Maryland, looks more like a retort to Mr. Trump’s popular campaign claims that he would “drain the swamp” in Washington — a difference Democrats have weaponized on the campaign trail. In an echo of actions they took in 2007, the last time they assumed House control, Democrats plan to use a package of rules governing the chamber prepared by Mr. McGovern to take unilateral steps that they say will tighten ethical standards, including in a nod to an ongoing ethics scandal roiling Republicans, a ban on House members sitting on corporate boards.

Together, Ms. Pelosi said, putting those efforts first would “caffeinate” the Democrats’ agenda, even if Republicans in the Senate do not take up the legislation. “When people

know the priority that we are giving to the integrity and government piece, it increases the confidence they have that we can do what we said," Ms. Pelosi said. Chief among the legislation's provisions would be a measure by Representative Terri Sewell of Alabama that would amend the Voting Rights Act of 1965 to comply with a 2013 Supreme Court decision in *Shelby County v. Holder* that gutted the bill's key enforcement provision. In issuing its 5-4 decision, the court urged Congress to replace the scheme under which the federal government had overseen changes to election laws in states with a history of voting rights abuses.

Republicans in control of Congress at the time took a pass, and Democrats believe Ms. Sewell's bill could help counteract a new wave of election laws across the South that have limited access to the polls. Another measure, written by Representative David Cicilline of Rhode Island, would require political nonprofit 501(c)(4)s to disclose the identity of most of their donors for the first time. Democrats would like to go further, passing a constitutional amendment to overturn the *Citizens United* decision and restore to Congress the power to limit money in politics, but those political prospects appear slim.

Yet another provision, written by Representative Zoe Lofgren of California, would require all states to establish independent commissions to draw congressional districts. Several states already employ such bodies, but gerrymandering of political boundaries is the norm in most states, allowing the party in control of state government to create the most favorable jurisdictions for its congressional elections every decade, distorting the will of voters, Democrats argue. Also included are a series of bills tightening restrictions on federal lobbyists, beefing up the executive branch's Office of Government Ethics, which clashed with Mr. Trump early in his presidency, and requiring the president and vice president to divest any business holdings to prevent a possible conflict of interest.