



The Path to Progress Bill Package

Pension & Health Benefits:

- 1. S.3753 Establishes cash balance plans in PERS and TPAF for new public employees and employees with less than five years of service; makes various changes to PERS and TPAF retirement eligibility.***

This bill would make the following changes for new employees and employees with less than five years of service: 1) increases the age of retirement to 67 years old; 2) moves these employees into a hybrid pension plan in which employees have a defined benefit pension on the first \$40,000 of salary and a cash balance plan that provides an interest credit of 75 percent of the State's rate of return or a minimum return of 4 percent, whichever is greater; 3) details the distribution of funds when the employee retires or terminates employment after less than 10 years; and 4) requires no employer contribution to the employees cash balance plan.
- 2. S.3754 Terminates SEHBP; terminates SHBP Plan Design Committee; transfers coverage from SEHBP to SHBP; requires certain plans with no employee or retiree contribution; imposes limit on health care benefits for public employees.***

This bill would terminate the SEHBP as of Jan. 1, 2020, and shift employees to SHBP. The bill would also dissolve the State Health Benefits Plan Design Committee and move the responsibilities to the State Health Benefits Committee. The bill would add new members to the Committee. Health plans offered would not be able to exceed an actuarial value of 80 percent. No plan offered by a public employer could provide greater benefits than the highest level provided under the SHBP. The bill would permit a local public entity and bargaining unit to renegotiate a collective bargain agreement to account for these modifications.
- 3. S.2455/A.2001 Transfers county college employees and retirees from membership in SEHBP to membership in SHBP.***

This bill would transfer New Jersey county college employees and retirees from membership in the SEHBP to membership in the SHBP.
- 4. S.2578/A.1851 Limits payments for unused sick leave earned after effective date by public officers or employees represented by union; for all public employees, limits vacation leave carry-forward and requires suspension and forfeiture of certain supplemental compensation. (Sweeney/Weinberg)***

The bill would cap payments for unused sick leave at \$7,500 and would grandfather sick leave earned prior to the effective date. Under the bill, if accumulated unused sick leave earned prior to the effective date is \$7,500 or more

at the time of retirement, accumulated unused sick leave earned after the effective date will have no monetary value.

5. ***S.3042/A.4619 Creates subaccounts for SHBP and SEHBP health care services and prescription drug claims; requires procurement by State of third-party medical claims reviewer. (Sarlo/Oroho)***

This bill would create subaccounts in the SHBP Fund and the SEHBP Fund. The bill would also require the State to procure a professional services contract for a third-party medical claims reviewer for SHBP and SEHBP. The third party medical claims reviewer will provide real-time or near-real-time review and oversight of the medical claims payment processing, and will maintain a secure archive of medical claims and other health services payment data.

6. ***S.103 Limits eligibility of certain public employees for health care benefits; prohibits those so limited from receiving payments for waiving benefits. (Weinberg/Kean)***

This bill limits a public employee of the State, a local government, or a local board of education, or agency or authority thereof, to receiving health care benefits coverage from only one public employer of this State if the employee holds more than one public position simultaneously. The bill prohibits a public employee so limited from continuing to receive any payment from the employee's public employer for waiving the health care benefits coverage provided by the employer and from waiving any coverage and receiving payment in the future.

Education:

7. ***S.3755 Requires executive county superintendent of schools to establish consolidation plan to combine all school districts in county, other than preschool or kindergarten through grade 12 districts, into all-purpose regional schools districts.***

The bill would require the consolidation of all school districts, other than PreK or kindergarten through grade 12 districts, into all-purpose regional school districts. Within the first 3 months, districts would develop their own consolidation plans. Any districts without a plan would have a plan developed for them by the executive county superintendent. All costs of the studies would be borne by the State. The study should take into account the feasibility of consolidation and any consequences of consolidation. Districts would then have 2 years to consolidate if approved by the commissioner, or 3 years if the commissioner does not and creates their own plan

8. ***S.3756 Requires limited purpose regional school districts to coordinate with constituent districts regarding school calendar and curriculum.***

This bill would require the board of education of a limited purpose regional school district to meet and work with constituent schools districts of the regional district to coordinate school calendars and ensure consistency in curriculum. This would be required to take place at least once a year.

9. *S.3757 Establishes a pilot program in DOE for organization of county administrative school districts.*

This bill would establish a pilot program for the organization of at most 5 county administrative school districts. The pilot program would be ongoing for 9 years. After 9 years, the commissioner would prepare a report for the Legislature and Governor with recommendations of the program.

10. *S.3758 Provides for direct State payment of cost of special education and related services for certain students.*

This bill would create in but not of the Department of Education, the Office of High Needs Placement Funding. This office, along with the High Needs Placement Committee, would assume all extraordinary special education costs over \$55,000. The State would assume the costs of each student above the \$55,000 threshold. Extraordinary Special Education Aid would be eliminated within 2 years of the establishment of direct State funding. The Committee would also be charged with reviewing the program and providers.

11. *S.3219 Eliminates use of census-based funding of special education aid in school funding law. (Singer/Diegnan)*

This bill eliminates the use of the census-based methodology, and calculates State aid for special education based on the actual number of special education students included in the district's resident enrollment.

12. *S.3759 Creates special education unit within the Office of Administrative Law.*

This bill would establish a unit within the Office of Administrative Law dedicated to special education cases. The administrative law judges within this unit would have expertise in special education law. The bill would allow time for the OAL to develop a timeline to hire, train, and assign judges as needed to this unit. The bill would also require a report on the adherence to the 45 day adjudication schedule and any other recommendations for improvements to the Legislature and Governor.

13. *S.3760 Requires municipalities, school districts, and local authorities to regularly meet to discuss shared service agreements.*

The bill would require the governing body of a municipality, the board of education of each district, and the governing body of each local authority to hold a public meeting at least twice a year to evaluate shared service agreements and discuss entering into new agreements. Any municipality that violates the requirements of the bill would incur a five percent reduction in formula aid.

Local Government and Shared Services:

14. *S.3761 Establishes County and Municipal Study Commission*

This bill would establish the County and Municipal Study Commission as a permanent commission in the Legislative Branch of State Government. The

commission would be charged with studying county and municipal government holistically and with a long-term perspective in order to identify opportunities to deliver local government services in a more modern and efficient manner and reflects the changes to the fiscal circumstances of the State and local government, development patterns, technology, and expectations for local government services. The Commission would make regular recommendations to the Legislature.

15. S.3762 *Concerns assessment of real property*

This bill would permit any county to adopt the provisions of the “Property Tax Assessment Reform Act,” which provides for county-based real property assessment. The bill would also require that the true value of real property be determined by the municipal-wide reassessment of that real property performed by municipal assessors when the ratio of assessed value to true value is lower than 90 percent or greater than 110 percent.

16. S.1 *Encourages sharing of services; makes appropriations. (Sweeney/Gopal)*

This bill modifies the "Uniform Shared Services and Consolidation Act," sections 1 through 35, and the law governing the Local Unit Alignment, Reorganization and Consolidation Commission (LUARCC), to encourage and facilitate the provision of local and regional services through shared service agreements and joint contracts. Some modifications include civil service relief for shared service agreements.

17. S.3763 *Renames joint meetings as regional service agencies; grandfathers existing joint meetings*

This bill would amend the “Uniform Shared Services and Consolidation Act” and other laws that refer to “joint meetings” to “regional service agencies.” Joint meetings created prior to the enactment of the bill would be grandfathered.

18. S.3764 *Requires counties to appoint shared service coordinators; appropriates \$2 million to fund these appointments.*

This bill would require each county to appoint a county shared service coordinator who would be responsible for promoting and facilitating shared service agreements between local governments in the coordinator’s county, including the county itself. The bill would provide State grants to offset total compensation by up to \$95,000. An appropriation of \$2 million is included for this purpose.

19. S.3765 *Establishes Office of Local Government Efficiency in DCA; appropriates \$250,000 for program support.*

This bill would establish the Office of Local Government Efficiency in DCA. The office would be charged with working to promote and facilitate the regionalization and innovative delivery of local government services with the aim of lowering property taxes. Under the bill, Rutgers would be charged with providing training courses on delivery local government services through shared service agreements, joint contracts, and alternative service delivery methods.

20. S.3766 Requires Edward J. Bloustein School of Planning and Public Policy to undertake study to determine efficiency and scaling in delivery of local government services.

The bill would direct the Edward J. Bloustein School of Planning and Public Policy to conduct a study for scaling for the most efficient delivery of services by local units within the context of shared services agreements, joint contracts, and alternative service delivery methods. The study would examine the following, including, but not limited to: 1) municipal courts; 2) construction code enforcement; 3) fire code enforcement; 4) municipal and county health services; 5) property tax assessments; 6) public works; and 7) provisions of emergency services.

21. S.3767 Establishes pilot program to permit use of generally accepted accounting principles in certain county and municipal annual financial statements.

Under the bill, the governing body of a pilot county or pilot municipality may apply to the Director of the Division of Local Government Services in the Department of Community Affairs to participate in the pilot program to use the generally accepted accounting principles (GAAP). The pilot program would operate for approximately three years. Within six months after each participating county and municipality has submitted its third annual financial statement using the GAAP standards, the division would be required to submit a report to the Legislature concerning the pilot program.

22. S.1701/A.345 Requires cost-benefit analyses for long term tax exemption; requires DCA to create database of these exemptions; requires new distribution of annual service charges; requires five-year tax exemption and abatements be filed with certain county officials. (Singleton/Sweeney/Stack)

This bill would require an application for a long term property tax exemption to include a cost-benefit analysis and for the mayor or other chief executive officer of the municipality to produce an independent cost-benefit analysis to be submitted along with the application to the municipal governing body before it can decide on the exemption. The bill would require municipalities to consider and evaluate whether an investment in a redevelopment project through the grant of a long term property tax exemption will generate satisfactory revenue returns to the municipality, as well as the financial impacts to counties, school districts, and other local governments. Finally, The bill would require each municipality which enters into a financial agreement on or after the effective date of the bill to remit a portion of the annual service charge collected by the municipality to the county, school district, and any other taxing district, within which a redevelopment relocation housing project is located, in direct proportion to the distribution of the amount raised by taxation in the municipality in the prior tax year.

23. S.3768 Requires shared service agreements to include certain provisions.

The bill would require that share service agreements between local governments include the following provisions in addition to requirements under current law: 1) performance evaluation criteria; 2) procedures for determining any fee adjustments; 3) alternative dispute resolution procedures; and 4) exit procedures to govern the dissolution of the agreement.

24. *S.3769 Permits county police department and force to provide police services to municipalities.*

This bill would authorize a county police department and force to enter into a shared service agreement pursuant to the "Uniform Shared Services and Consolidation Act" with any municipality located in the county to provide any, or all, police services to the municipality that a municipal police department and force is authorized to perform itself.

Tax Structure:

25. *S.3246/A.4807 Establishes elective pass-through business alternative income tax and allows refundable gross income tax credit for taxpayers earning income from pass-through businesses in taxable year. (Sarlo/Singleton/Oroho)*

This bill would create an optional entity-level tax on pass-through businesses. For a business that opts to pay the pass-through tax in a tax year, the bill would provide a refundable gross income tax credit that is available to taxpayers who are members of the pass-through business, irrespective of whether the taxpayer is a natural person, business entity, or estate or trust. This would allow these businesses to take advantage of federal tax deductions that were recently capped for individuals. The bill would also contribute to correcting the existing imbalance between the Property Tax Relief Fund and General Fund.

26. *S.3770 Establishes "New Jersey Economic and Fiscal Policy Review Commission" to provide ongoing review of State and local tax structure, economic conditions, and related fiscal issues.*

The bill would establish a 12-member "New Jersey Economic and Fiscal Policy Review Commission" in the Legislative branch. The commission would be charged with studying significant economic and fiscal concerns confronting the State to assure that policymakers, academics, and the public are provided with information and analyses of the State's policies and their implications.

27. *S.2179/A.307 Allows gross income tax deduction for charitable contributions to certain New Jersey-based charitable organizations. (Kean/Singleton)*

The bill allows a New Jersey gross income taxpayer to deduct from gross income the contributions made by the taxpayer during the taxable year to a qualified New Jersey-based charitable organization. The bill provides that the amount of the deduction is limited to the amount allowable as a deduction from federal adjusted gross income by the taxpayer for the federal taxable year pursuant to section 170 of the federal Internal Revenue Code.