

Resolution Urging the State Legislature to Permanently Extend the 2% Cap on Police and Fire Arbitration Contract Awards

WHEREAS, local municipalities require specific tools to address the rising cost of municipal government; and

WHEREAS, in July 2010 the Governor and New Jersey State Legislature enacted a permanent 2% cap on municipal and school board tax levies with limited exceptions that did not include police and fire arbitration contract awards; and

WHEREAS, salary costs, to a great extent, drive property tax increases; and

WHEREAS, in December 2010 the Legislature unanimously approved and the Governor enacted a temporary 2% cap on police and fire arbitration contract awards in an effort to control increasing salary costs and provide a solution to assist local governments in keeping property taxes down and cost under control; and

WHEREAS, the December 2010 legislation included an April 1, 2014 sunset on the 2% arbitration cap while the 2% property tax levy remained permanent for municipalities and school boards; and

WHEREAS, in June 2014 the Legislature unanimously approved and the Governor enacted an extension to December 31, 2017 for the 2% arbitration cap, however, the 2% property tax levy cap continues to remain permanent, without an exemption for police and fire arbitration contract awards; and

WHEREAS, the Legislature did not pass legislation extending the December 31, 2017 sunset, therefore, any contract expiring on or after January 1, 2018 will no longer have the protections offered with the 2% interest arbitration cap; and

WHEREAS, municipalities continue efforts to contain costs and provide vital services to residents within the 2% property tax levy while the New Jersey economy remains sluggish and taxpayers faced with a cap on the SALT deduction struggle to keep their homes and pay their taxes; and

WHEREAS, we recognize that this change in arbitration reform needs a longer time to mature in order to see the benefits of the legislation and its actual impact on the cost of local government budgets and the impact on taxpayers; and

WHEREAS, the final report and recommendations of the Police and Fire Public Interest Arbitration Impact Task Force, which was established in the December 2010 legislation, was never released by its December 31, 2017 deadline; and

WHEREAS, the Governor's Appointees to the Police and Fire Public Interest Arbitration Impact Task Force released a report confirming the positive impact the 2% cap has had on providing an efficient and cost-effective procedure to settle labor contracts, and curtailing the rise of property taxes, all without a negative impact on crime rates or the ability of public employers to recruit qualified candidates for police and fire positions; and

WHEREAS, we recognize it is now time for our taxpayers to benefit directly from these cost saving measures as many police and fire contracts will come due for negotiation after the sunset date, and

WHEREAS, if the cap on interest arbitration expires while the 2% levy cap remains in effect, municipalities will be forced to reduce or eliminate municipal services in order to fund interest arbitration awards;

NOW, THEREFORE, BE IT RESOLVED, that the governing body of (*insert name of municipality*) urges the State Legislature to permanently extend the 2% cap on Police and Fire Arbitration Contract Awards; and

BE IT FURTHER RESOLVED, that a copy of this Resolution is forwarded to (*insert the names of Assembly Representatives*), (*insert name of State Senator*), the Commissioner of the Department of Community Affairs and Lieutenant Governor and the Governor of State of New Jersey and the League of Municipalities.