
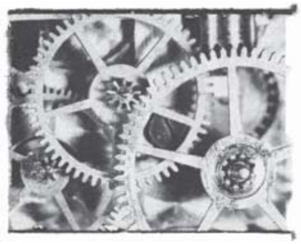

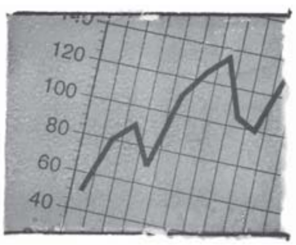


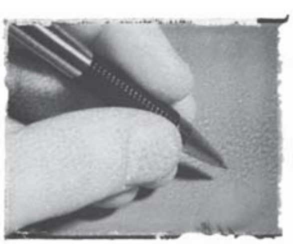


ANALYSIS OF THE NEW JERSEY BUDGET

DEPARTMENT OF THE TREASURY

FISCAL YEAR 2018-2019

PREPARED BY OFFICE OF LEGISLATIVE SERVICES
NEW JERSEY LEGISLATURE • MAY 2018

NEW JERSEY STATE LEGISLATURE

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DEPARTMENT OF THE TREASURY

Budget Pages .... C-6 to C-7; C-14 to C-15; C-22; C-24; D-373 to D-426; E-9; G-6 to G-10

Fiscal Summary ($000)

	Expended FY 2017	Adjusted Appropriation FY 2018	Recommended FY 2019	Percent Change 2018-19
State Budgeted	$2,220,948	$2,684,727	$2,635,958	(1.8%)
Federal Funds	8,966	9,326	8,536	(8.5%)
Other	1,244,713	455,251	442,888	(2.7%)
Grand Total	$3,474,627	$3,149,304	$3,087,382	(2.0%)

Personnel Summary - Positions By Funding Source

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change 2018-19
State	3,631	3,669	3,746	2.1%
Federal	46	48	58	20.8%
Other	1,697	1,674	1,753	4.7%
Total Positions	5,374	5,391	5,557	3.1%

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

To be consistent with the data display in the Governor's FY 2019 Budget, the above table includes the funding data in the Department of the Treasury for Higher Educational Services. Other explanatory data for these programs are included in a separate booklet entitled "Higher Educational Services."

Link to Website: http://www.njleg.state.nj.us/legislativepub/finance.asp

Highlights

PROPERTY TAX RELIEF: GRANTS-IN-AID AND STATE AID

- The Governor's FY 2019 Budget recommends $1.82 billion for property tax relief in the Department of the Treasury, which is a $31.2 million, or 1.7 percent, increase from FY 2018. Grants-in-Aid, which finance direct property tax relief to residents, account for $347.9 million of the total ($15.7 million, or 4.3 percent, less than in FY 2018) and State Aid to local subdivisions of State government accounts for the remaining $1.47 billion ($46.9 million, or 3.3 percent, more than in FY 2018). Table 1 on page 6 lists the aggregated components of the recommended State Aid total.

- The Administration recommends a $12.5 million funding decrease in FY 2019 for the New Jersey Homestead Property Tax Credit program, renamed the Homestead Benefit Program. This reduction is ascribable to the expected continuation of diminishing enrollments. Specifically, an estimated 546,200 homeowners would collect an average $249 benefit in FY 2019, after 610,300 homeowners collected an average $246 rebate in FY 2018. However, the Administration reduced FY 2018 homestead benefit amounts by 50 percent from the amounts included in the FY 2018 Appropriations Act and recommends continuing the reduced benefits in FY 2019.

- For FY 2019, the Administration recommends maintaining the FY 2018 parameters of the Senior and Disabled Citizens' Property Tax Freeze program, or Homestead Property Tax Reimbursement program. Specifically, the program would operate under its statutory provisions except that the income eligibility threshold would be $70,000 for tax years 2016 and 2017 in lieu of the statutory $87,007 in tax year 2016 and $87,267 in tax year 2017. Overall, the Executive forecasts a $1,241 average FY 2019 payment to 164,100 recipients. In FY 2018, some 168,200 beneficiaries received an average $1,224 payment. The anticipated higher average amount is due to rising property tax liabilities offset, in part, by more recent cohorts of program participants with lower average benefits replacing long-time participants with larger average benefits.

- As proposed, municipalities are to receive $1.164 billion in Energy Tax Receipts Property Tax Relief Aid (ETR Aid) in FY 2019, which represents an increase of $28.4 million over FY 2018. The Governor's FY 2019 Budget proposes shifting the payment of FY 2018 and FY 2019 ETR Aid from the off-budget Energy Tax Receipts Property Tax Relief Fund to the Property Tax Relief Fund. The Executive maintains that moving the ETR Aid appropriation on-budget will allow the State to maintain budget flexibility in the face of insufficient General Fund resources, while municipalities will receive the same aid payments they would receive absent the shift. Energy and utility tax revenues that otherwise would be deposited in the Energy Tax Receipts Property Tax Relief Fund for municipal aid would be deposited in the General Fund instead.

- Proposed FY 2019 State contributions to public employee retirement funds equal $3.21 billion including amounts to be paid out of State lottery revenues under P.L.2017, c.98, representing 6/10th of the actuarially recommended $5.36 billion State pension contribution, as projected based on July 1, 2017 actuarial valuation data. The FY 2018 contribution was $2.59 billion. Of the recommended $3.21 billion total, the Governor's FY 2019 Budget allocates $130.2 million to Treasury to make the State's required annual payment to the Police and Firemen's Retirement System on behalf of local government entities.

Highlights (Cont'd)

- The Governor's FY 2019 Budget does not renew the $3.0 million the Legislature added to the FY 2018 Appropriations Act to fund the difference between the total amount generated by the Meadowlands regional hotel use assessment and the amount owed to municipalities in the Meadowlands District under the Inter-Municipal Tax Sharing Program. N.J.S.A.5:10A-85 requires the State Treasurer to deposit additional moneys in the account if hotel use assessment revenues are not sufficient to pay all inter-municipal tax sharing obligations.

TREASURY OPERATIONS

- The Governor's FY 2019 Budget does not continue an FY 2018 supplemental appropriation of $35.2 million for consulting services related to the implementation of the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (N.J.S.A.5:9-22.5 et al.). The main consultant, Bank of America, received $33.9 million of the total.

- As in past years, the Governor's FY 2019 Budget includes broad language that would permit the appropriation of additional resources for the Division of Taxation and the Division of Revenue and Enterprise Services without further legislative action.

OFFICE OF INFORMATION TECHNOLOGY

- The Executive recommends raising an estimated $13.0 million in FY 2019 from imposing a new fee on pre-paid cellular telephones and using the collections for the Statewide 9-1-1 Emergency Telecommunication System. The previous Administration recommended the same initiative for FY 2018, but the fee has not been enacted while the FY 2018 Appropriations Act included an additional $13.1 million for the Statewide 9-1-1 Emergency Telecommunication System. The additional $13.1 million has not been expended in FY 2018 and is recommended to be lapsed into the State General Fund at the end of FY 2018. The previous administration indicated that this additional funding would be used to transition the State's existing Statewide 9-1-1 network, which delivers 9-1-1 call routing and location services to local Public Safety Answering Points (PSAPs), to a network that maintains existing services and implements certain Next Generation 9-1-1 features not supported by the current network.

- The Administration recommends the continuation of budget language on page F-5 of the Governor's FY 2019 Budget requiring the Office of Information Technology (OIT) to approve all Executive Branch purchase requests for information technology and telecommunications equipment, maintenance, and consultant services. The budget language requires the OIT to determine if purchase requests comply with Statewide policies and standards and the Information Technology Strategic Plan approved for each department. One of these policies is a partial moratorium on the procurement of information technology equipment, maintenance, and consultant services that has been in place since 2006.

Highlights (Cont'd)

BOARD OF PUBLIC UTILITIES

- The Governor's FY 2019 Budget recommends diverting an additional $158.3 million in Clean Energy Fund balances to the General Fund in FY 2019: 1) $82.1 million for New Jersey Transit Utility costs; 2) $47.5 million to defray the cost of utilities in State facilities; 3) $20.0 million for the management of State parks; 4) $5.0 million for energy efficiency projects in State facilities; and 5) $3.7 million to the Office of Sustainability and Green Energy in the Department of Environmental Protection. If the recommended diversions are effectuated, nearly $1.716 billion will have been transferred from the Clean Energy Fund into the General Fund from FY 2008 through FY 2018. The $1.716 billion does not include amounts that have been transferred annually to the General Fund to defray administrative expenses related to State-funded positions of the Board of Public Utilities' (BPU) Office of Clean Energy ($2.7 million in FY 2019). The office's administrative costs do not capture the administrative expenses of the private contractor, TRC Companies, Inc., that administers the program on BPU's behalf.

ECONOMIC DEVELOPMENT AUTHORITY

- The Governor's FY 2019 Budget eliminates $250,000 in funding that the Legislature included in the FY 2018 Appropriations Act for the Small Business Bonding Readiness Assistance Program established by P.L.2016, c.84. The program is not yet operational; but, on May 11, 2018, the Economic Development Authority announced the selection of a grantee partner organization to implement the initiative over an initial term of two years using the FY 2018 appropriation.

LEGAL SERVICES OF NEW JERSEY

- The Governor's FY 2019 Budget includes a new language provision authorizing the appropriation of up to $2.1 million to provide legal assistance to individuals facing detention or deportation based on their immigration status. It is unclear whether these funds would be provided to Legal Services of New Jersey or other legal services providers, and what specific conditions individuals will have to meet to qualify for State-funded assistance.

OFFICE OF THE PUBLIC DEFENDER

- The Executive recommends no funding for the Office of Dispute Settlement in the Office of the Public Defender (OPD) in FY 2019. The Office of Management and Budget explained that the OPD discontinued the Office of Dispute Settlement because its functions were not critical to the OPD's mission. The FY 2019 Budget indicates that foreclosure mediation and court mediation services provided by the Office of Dispute Settlement were eliminated effective July 1, 2017 and that new home warranty arbitration services will be eliminated effective July 1, 2018. The Office Dispute Settlement provided mediation and arbitration services for persons seeking alternative dispute resolution.

Highlights (Cont'd)

OFFICE OF THE OMBUDSMAN FOR INDIVIDUALS WITH INTELLECTUAL OR DEVELOPMENTAL DISABILITIES AND THEIR FAMILIES

- The Governor's FY 2019 Budget authorizes the Administration to effect supplemental appropriations of unspecified, unlimited amounts without additional legislative approval to establish the Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and their Families. P.L.2017, c.269 created the office as an agency in, but not of, the Department of the Treasury to serve as a source of information for individuals with intellectual or developmental disabilities and their families and interested members of the public.

DEBT SERVICE

- The Administration recommends a $324.6 million FY 2019 appropriation for general obligation bond debt service, of which $282.0 million would be funded in the Department of the Treasury budget and $42.6 million in the Department of Environmental Protection budget. The recommended FY 2019 appropriation reflects a net $1.8 million decrease below FY 2018, driven primarily by a reduction in debt service payments under the terms of existing refunding bond covenants. The decline would be $12.5 million after adjusting for offsetting payments that lowered the amount of appropriations needed in FY 2018 but that are not available in FY 2019.

Highlights (Cont'd)

Table 1
Department of the Treasury
State Aid to Local Governmental Entities
FY 2017 – FY 2019

STATE AID	Expended FY 2017	Adj. App. FY 2018	Recom. FY 2019
Energy Tax Receipts*	$1,130,026	$1,136,026	$1,164,431
Police & Firemen's Retirement System State Contribution	86,467	108,857	130,202
Police & Firemen's Retirement System – Post Retirement Medical	52,113	53,071	55,708
Veterans' Property Tax Deductions	49,394	48,500	45,700
South Jersey Port Corporation Support	23,850	22,755	22,541
Debt Service – Pension Obligation Bonds	20,762	22,312	24,047
Senior and Disabled Citizens' Property Tax Deductions	11,516	9,900	9,000
Other Distributed Taxes	4,840	7,886	7,886
Highlands Protection Fund Aid	2,380	4,400	4,400
Meadowlands Tax-Sharing Payments – Calendar Year 2016 Arrears	0	3,000	0
Public Library Project Fund	3,735	3,730	3,727
County Boards of Taxation	2,100	1,903	1,903
Consolidated Police and Firemen's Pension Fund State Contribution	575	325	0
Total State Aid	$1,387,758	$1,422,665	$1,469,545

* Energy Tax Receipts totals include annual transfers of varying amounts to the Energy Tax Receipts Property Tax Relief Fund (for FY 2017) or the Energy Tax Receipts Property Tax Relief Aid account (for FY 2018 and FY 2019) from the Consolidated Municipal Property Tax Relief Aid account.

Fiscal and Personnel Summary

AGENCY FUNDING BY SOURCE OF FUNDS ($000)

	Expended FY 2017	Adj. Approp. FY 2018	Recom. FY 2019	Percent Change 2017-19	Percent Change 2018-19
General Fund					
Direct State Services	$458,662	$520,234	$485,737	5.9%	(6.6%)
Grants-In-Aid	148,904	231,117	215,433	44.7%	(6.8%)
State Aid	32,640	23,957	23,743	(27.3%)	(0.9%)
Capital Construction	471	0	0	(100.0%)	0.0%
Debt Service	293,116	287,324	258,562	(11.8%)	(10.0%)
Sub-Total	**$933,793**	**$1,062,632**	**$983,475**	**5.3%**	**(7.4%)**
Property Tax Relief Fund					
Grants-In-Aid	$515,300	$363,600	$347,900	(32.5%)	(4.3%)
State Aid	765,669	1,250,982	1,273,879	66.4%	1.8%
Debt Service	0	0	23,385	----	----
Sub-Total	**$1,280,969**	**$1,614,582**	**$1,645,164**	**28.4%**	**1.9%**
Casino Revenue Fund	$0	$0	$0	0.0%	0.0%
Casino Control Fund	$6,186	$7,513	$7,319	18.3%	(2.6%)
State Total	**$2,220,948**	**$2,684,727**	**$2,635,958**	**18.7%**	**(1.8%)**
Federal Funds	$8,966	$9,326	$8,536	(4.8%)	(8.5%)
Other Funds	$1,244,713	$455,251	$442,888	(64.4%)	(2.7%)
Grand Total	**$3,474,627**	**$3,149,304**	**$3,087,382**	**(11.1%)**	**(2.0%)**

PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE

	Actual FY 2017	Revised FY 2018	Funded FY 2019	Percent Change 2017-19	Percent Change 2018-19
State	3,631	3,669	3,746	3.2%	2.1%
Federal	46	48	58	26.1%	20.8%
All Other	1,697	1,674	1,753	3.3%	4.7%
Total Positions	**5,374**	**5,391**	**5,557**	**3.4%**	**3.1%**

FY 2017 (as of December) and revised FY 2018 (as of January) personnel data reflect actual payroll counts. FY 2019 data reflect the number of positions funded.

AFFIRMATIVE ACTION DATA

Total Minority Percentage	32.7%	33.3%	N/A	----	----

Significant Changes/New Programs ($000)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

ECONOMIC PLANNING AND DEVELOPMENT

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
General Fund, Grants-in-Aid: Small Business Bonding Readiness Assistance Fund, EDA	**$250**	**$0**	**($250)**	**(100.0%)**	**D-386**

The Governor's FY 2019 Budget eliminates $250,000 in funding that the Legislature included in the FY 2018 Appropriations Act for the Small Business Bonding Readiness Assistance Program established by P.L.2016, c.84. The program is not yet operational; but, on May 11, 2018, the Economic Development Authority (EDA) announced the selection of a grantee partner organization to implement the initiative.

P.L.2016, c.84 directs the EDA to provide support services to small businesses and to assist them in securing surety bonding so that they may bid on public works projects or contracts offered by the State or federal government. The EDA is also required to enter into a contract with a non-profit business advocacy association to provide support services and assistance designed to increase small businesses' bonding knowledge.

On May 11, 2018, the EDA announced the selection of the African-American Chamber of Commerce of New Jersey, Inc., (AACCNJ) as the program's grantee organization to increase bonding capacity for small, minority- and women-owned businesses. The contract has a two-year term and is based on an operating budget of $250,000, as provided in the FY 2018 Appropriations Act. According to the EDA announcement, selected businesses will participate in a training course designed to increase bonding knowledge and capacity, with a focus on the construction and development industries. Tuition grants will cover the cost of the training for small businesses, which will attend workshops and strategic counseling sessions spanning several areas, including: bonding and insurance, business development, financial presentation, construction and contract law, construction management, estimating, personal credit, and business credit.

FINANCIAL ADMINISTRATION

DIVISION OF TAXATION

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
General Fund, Direct State Services: Taxation Services and Administration:	**$108,191**	**$106,916**	**($1,275)**	**(1.2%)**	**D-397**

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

The Administration recommends reducing the appropriation for Division of Taxation Salaries and Wages by $1.3 million. According to the Office of Management and Budget, the reduction reflects a decrease in the number of funded vacant vacancies.

All Other Funds: Taxation Services and Administration	**$144,658**	**$141,533**	**($3,125)**	**(2.2%)**	**D-398**

This budget line aggregates several off-budget funds administered by the Division of Taxation and reflects the funds' administrative expenses and transfers to other State agencies. In FY 2019, four components account for $141.0 million of the appropriation: (1) $94.8 million in anticipated collections from that part of the cigarette tax whose proceeds are deposited in the Dedicated Cigarette Tax Revenue Fund and pledged for the payment of debt service on the Cigarette Tax Revenue Refunding Bonds, Series 2012, authorized in P.L.2004, c.68; (2) $25.2 million transferred from the New Jersey Domestic Security Account – which contains the proceeds from the first $2 of the $5 per day vehicle rental surcharge imposed pursuant to N.J.S.A.App.A:9-78 – to the Departments of Agriculture, Health, and Law and Public Safety for the Agro-Terrorism Program, Medical Emergency Disaster Preparedness for Bioterrorism program, State Police salaries related to Statewide security services, and counter-terrorism programs operated by the Office of Homeland Security and Preparedness; (3) $17.0 million for the cost of Division of Taxation Compliance and Enforcement Activities; and (4) $4.0 million associated with the Meadowlands Regional Assessment (N.J.S.A.5:10A-82) whose proceeds are used for Meadowlands adjustment payments to municipalities in the Meadowlands District that by statutory formula are entitled to receive payments.

The projected decrease in this budget line is from a reduction in the anticipated amount of revenue needed to pay scheduled Cigarette Tax Revenue Refunding Bonds, Series 2012, debt service in FY 2019. For FY 2018, the anticipated debt service payment was $97.9 million. This payment is reduced to $94.8 million in FY 2019, a decrease of $3.1 million. Of note, the difference between the amount deposited in the Dedicated Cigarette Tax Revenue Fund and the required debt service payment is required to be appropriated to the General Fund in accordance with General Provision 65 on page F-9 of the Governor's FY 2019 Budget.

DIVISION OF REVENUE AND ENTERPRISE SERVICES

General Fund, Direct State Services: Services Other Than Personal	**$17,270**	**$26,270**	**$9,000**	**52.1%**	**D-398**
All Other Funds: Administration of State Revenues and Enterprise Services	**$44,699**	**$35,699**	**($9,000)**	**(20.1%)**	**D-398**

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

The recommended increase in the appropriation for Services Other Than Personal and offsetting decrease in the All Other Funds appropriation for the Division of Revenue and Enterprise Services reflect a shift of a $9 million payment to Conduent State and Local Solutions, Inc. for motor vehicle surcharge collection services from an "off-budget" to an "on-budget" account. The division oversees and coordinates the collection and processing of records and revenues associated with motor vehicle licensing and regulation and the centralized collection and processing of delinquencies owed to the State by motorists.

General Fund, Direct State Services: Additions, Improvements and Equipment	**$1,708**	**$733**	**($975)**	**(57.1%)**	**D-398**

The Governor's FY 2019 Budget recommends decreasing the Additions, Improvements and Equipment appropriation for the Division of Revenue and Enterprise Services by $975,000 to reflect a scheduled reduction in the division's information technology line-of-credit payments. According to the Office of Management and Budget, this reduction will have no impact on current program operations. In general, line of credit financing is available to State agencies to pay for short-term (three years) equipment needs, such as computers, furniture, vehicle purchases.

CASINO CONTROL COMMISSION

Casino Control Fund, Direct State Services: Personal Services: Employee Benefits (CCF)	**$1,842**	**$1,648**	**($194)**	**(10.5%)**	**D-398**

The Executive recommends reducing the appropriation for Casino Control Commission Employee Benefits by $194,000 to reflect lower estimated fringe benefit costs. The recommended appropriation appears to align the funding level with need, given that the commission expended a little under $1.6 million for Employee Benefits in FY 2017. The Casino Control Commission, along with the Division of Gaming Enforcement in the Department of Law and Public Safety, is responsible for the regulation of legalized casino gaming in New Jersey.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
GENERAL GOVERNMENT SERVICES					
General Fund, Direct State Services: Purchasing and Inventory Management TOTAL:	$9,257	$8,344	($913)	(9.9%)	D-402
Special Purpose: Gubernatorial Transition – Governor	$250	$0	($250)	(100.0%)	D-403
Special Purpose: Gubernatorial Transition – Governor-Elect	$250	$0	($250)	(100.0%)	D-403
Special Purpose: Gubernatorial Inaugural Commission	$100	$0	($100)	(100.0%)	D-403
Other Direct State Services Accounts	$8,657	$8,344	($313)	(3.6%)	

The FY 2018 Appropriations Act provided $600,000 for gubernatorial transition costs. This amount was unchanged from the amount provided for this purpose in FY 2002, FY 2006, and FY 2010. Of the total amount appropriated, $484,000 was either expended or encumbered, and $116,000 remains uncommitted. The bulk of the uncommitted funds was appropriated to support transition costs associated with the former Governor.

The "Gubernatorial Transition Act," P.L.1969, c.213 (N.J.S.A.52:15A-1 et seq.), was enacted to promote the orderly transfer of executive power in connection with the expiration of the term of office of a Governor and the inauguration of a new Governor. The Division of Purchase and Property is authorized, upon request, to provide certain services and funds as necessary to assist with the preparations of the Governor-elect and to assist the former Governor with concluding the affairs of office for a period not to exceed six months.

The Governor's FY 2019 Budget also recommends a $313,000 decrease in the Division of Purchase and Property's Personal Services appropriation primarily due to a reduction in the number of vacant funded positions. The division administers the centralized Statewide procurement system.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
OFFICE OF ADMINISTRATIVE LAW					
Federal Funds: Adjudication of Administrative Appeals	**$790**	**$0**	**($790)**	**(100.0%)**	**D-406**

According to the Office of Management and Budget (OMB), the recommended elimination of federal funding for the Office of Administrative Law (OAL) reflects a change in the budgetary treatment of federal Special Education Matters funding the Department of Education receives under the Individuals with Disabilities Education Act (IDEA) and allocates to the OAL for administrative hearings occurring as part of the special education dispute resolution system. In FY 2018, these funds are budgeted in the above line. In FY 2019, however, all Special Education Matters grant funds are instead budgeted centrally within the Department of Education before being transferred to affected spending agencies. According to the OMB, the OAL is expected to receive the same level of federal funding as in prior years.

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
OFFICE OF INFORMATION TECHNOLOGY					
General Fund, Special Purpose: Office of Information Technology	**$51,400**	**$54,000**	**$2,600**	**5.1%**	**D-408**

This budget line represents transfers of federal and dedicated funds from State agencies to the Office of Information Technology (OIT) for billable services performed by the OIT. The Office of Management and Budget has indicated that the recommended increase is due to the collection of additional receipts for the costs of services the OIT anticipates providing to other State agencies in FY 2019.

The OIT provides information technology services to State agencies and has a recommended FY 2019 budget of $151.9 million. Excluding the proposed $30.8 million for the Office of Emergency Telecommunication Services (Statewide 9-1-1 System), the OIT's recommended FY 2019 appropriation is $121.1 million. Of this amount, transfers of federal and dedicated funds from State agencies for billable OIT services account for $54.0 million, or 44.6 percent, and General Fund appropriations for the remaining $67.1 million, or 55.4 percent.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
General Fund, Direct State Services: Services Other Than Personal	**$22,128**	**$22,874**	**$746**	**3.4%**	**D-408**
Special Purpose: Office of Emergency Telecommunication Services	**$900**	**$4,000**	**$3,100**	**344.4%**	**D-408**
Additions, Improvements and Equipment	**$26,677**	**$22,831**	**($3,846)**	**(14.4%)**	**D-408**
TOTAL	**$49,705**	**$49,705**	**$0**	**0.0%**	

According to the Office of Management and Budget (OMB), the recommended changes in these OIT budget lines reflect a reallocation of $3.8 million in funding for ongoing maintenance costs from Additions, Improvements and Equipment to the other two budget lines. In addition, the OMB intends to lapse $8.8 million in FY 2018 surplus Additions, Improvements and Equipment appropriations into the General Fund at the end of FY 2018. Accordingly, the proposed FY 2019 funding level for the account reflects a $4.9 million increase, rather than a $3.8 million decrease, over anticipated FY 2018 spending needs. In general, appropriations for Additions, Improvements, and Equipment support additions and improvements which are less than $50,000 in cost and the purchase of equipment such as vehicles, office, equipment, and information processing equipment.

The OMB did not specify the $746,000 in ongoing maintenance costs that would be shifted to Services Other Than Personal. Appropriations for Services Other Than Personal generally support the cost of purchased services that are primarily of a contract nature under which no employer-employee relationship is established.

The Special Purpose Office of Emergency Telecommunication Services (OETS) line pays for OETS administrative expenses. The OMB noted that the $3.1 million in ongoing maintenance costs that would be shifted to this line was associated with the P-25 emergency radio system. P-25 is a public safety communications network that enables interoperability among first responders representing various governmental jurisdictions. Construction of the P-25 network was funded in large part by funds provided to New Jersey through the federal Public Safety Interoperable Communications Grant Program.

The OETS plans, designs, implements, and coordinates the Statewide 9-1-1 emergency telephone system. The system is a network comprised of municipal and county public safety answering points that handle calls for emergency assistance from police, fire, and ambulance services. The Emergency Preparedness and 9-1-1 System Assessment, created by P.L.2004, c.48 (N.J.S.A.52:17C-17 et seq.), funds OETS operations, among other initiatives. Customers

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

pay a $0.90 assessment each billing cycle for their cell or landline phones. The recommended FY 2019 appropriation for the OETS equals $30.8 million.

STATE SUBSIDIES AND FINANCIAL AID

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
Property Tax Relief Fund, Grants-in-Aid: Homestead Benefit Program (PTRF)	**$147,300 (S) $8,700**	**$143,500**	**($12,500)**	**(8.0%)**	**D-412**

The Administration recommends a $12.5 million funding decrease in FY 2019 for the New Jersey Homestead Property Tax Credit Program (N.J.S.A.54:4-8.57 et seq.), renamed the Homestead Benefit Program. The amount included in the FY 2018 Appropriations Act, $147.3 million, represented half the amount needed to fully fund the benefit levels detailed in budget language with an anticipation that the second half would be provided through a supplemental appropriation later in FY 2018. The Governor's FY 2019 Budget, however, does not project making the previously anticipated FY 2018 supplemental appropriation and recommends continuing the reduced benefit levels in FY 2019. Overall, the Executive estimates that 546,200 homeowners would collect an average $249 benefit in FY 2019, after 610,300 homeowners collected an average $246 rebate in FY 2018.

The reduction in the program's FY 2019 appropriation is ascribable to the Administration's expectation that the recent trend of diminishing enrollments will continue. Although the program's eligibility criteria have not changed since FY 2010, the number of claimants is projected to fall by 381,700, or 38.5 percent, from 992,000 in FY 2010 to 610,300 in FY 2018. Some 98,300 fewer senior citizens, or 19.1 percent, are projected to participate in the program in FY 2018 (415,700 participants) than in FY 2010 (514,000 participants). But the more significant decline would be among non-senior citizens whose participation is projected to drop by 283,400 claimants, or 59.3 percent, from 478,000 claimants in FY 2010 to 194,600 in FY 2018. For all claimants combined, the Administration projects a further 10.5 percent contraction in FY 2019 to 546,200 participants. The department has previously conveyed that bracket creep is the primary driver of the erosion in program participation, particularly as the income of many former non-senior participants has grown beyond the $75,000 eligibility threshold.

The recommended FY 2019 budget language maintains the parameters of the FY 2018 program, based on actual funding levels. That is, relative to statutory provisions, which were only followed and fully funded in FY 2008, the Governor's FY 2019 Budget proposes to: a) eliminate credits for non-senior homeowners with incomes above $75,000 and senior homeowners with incomes above $150,000; b) reduce credits from 20 percent to 5 percent of property taxes paid up to $10,000 for senior homeowners with incomes not exceeding $100,000 and for non-senior homeowners with incomes not exceeding $50,000; c) reduce credits from 20 percent to 3.3 percent of property taxes paid up to $10,000 for non-senior homeowners with incomes between $50,000 and $75,000; d) reduce credits from 15 percent

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

to 2.5 percent of property taxes paid up to $10,000 for senior homeowners with incomes between $100,000 and $150,000; e) eliminate the alternative benefit computation under which claimants who are disabled, blind, or 65 years of age or older receive the higher of the payment to which they are entitled under the above schedule or an amount equal to the amount by which property taxes paid in a tax year exceed five percent of the claimant's gross income subject to certain ranges; and f) maintain 2006 property taxes, as opposed to Tax Year 2017 property taxes, as the basis for calculating homestead benefits. The Governor also proposes continuing the elimination of the homestead property tax rebate program for tenants.

Table 2 below indicates the benefit amounts individuals would receive under statutory provisions, the amounts they were to receive under language in the FY 2018 Appropriations Act, the amounts they actually received in FY 2018, and the amounts they would receive in FY 2019, according to proposed language in in the Governor's FY 2019 Budget.

Table 2
Homestead Property Tax Credit/Homestead Benefit Amounts
Statutory, FY 2018 Appropriations Act, FY 2018 Revised, and FY 2019 Proposed

Homeowner or Tenant	Status	Gross Income	Credit/Benefit Amounts			
			Statutory	FY 2018 Approp. Act	FY 2018 Revised	FY 2019 Proposed
Homeowner	Senior or Disabled	Not over $70,000	$1,000 - $2,000	$0 - $1,000	$0 - $500	$0 - $500
		$70,001 - $100,000	$600 - $2,000	$0 - $1,000	$0 - $500	$0 - $500
		$100,001 - $125,000	$600 - $1,500	$0 - $500	$0 - $250	$0 - $250
		$125,000 - $150,000	$500 - $1,500	$0 - $500	$0 - $250	$0 - $250
		$150,001 - $200,000	$500 - $1,000	$0	$0	$0
		$200,001 - $250,000	$0 - $1,000	$0	$0	$0
	Under Age 65 and not Disabled	Not over $50,000	$0 - $2,000	$0 - $1,000	$0 - $500	$0 - $500
		$50,001 - $75,000	$0 - $2,000	$0 - $667	$0 - $330	$0 - $330
		$75,001 - $100,000	$0 - $2,000	$0	$0	$0
		$100,001 - $150,000	$0 - $1,500	$0	$0	$0
		$150,001 - $250,000	$0 - $1,000	$0	$0	$0
Tenant	Senior or Disabled, Married	Not over $70,000	$150 - $850	$0	$0	$0
		$70,001 - $100,000	$150	$0	$0	$0
	Senior or Disabled, Single	Not over $35,000	$150 - $850	$0	$0	$0
		$35,001 - $100,000	$150	$0	$0	$0
	Under Age 65 and not Disabled	Not over $50,000	$150	$0	$0	$0
		$50,001 - $75,000	$150	$0	$0	$0
		$75,001 - $100,000	$150	$0	$0	$0

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
Property Tax Relief Fund, Grants-in-Aid: Senior and Disabled Citizens' Property Tax Freeze (PTRF)	**$200,300 (S) $7,300**	**$204,400**	**($3,200)**	**(1.5%)**	**D-412**

For FY 2019, the Governor recommends maintaining the FY 2018 parameters of the Senior and Disabled Citizens' Property Tax Freeze program, or Homestead Property Tax Reimbursement program (N.J.S.A.54:4-8.67 et seq.). Specifically, the program would operate under its statutory provisions except that the income eligibility threshold would be $70,000 for tax years 2016 and 2017 in lieu of the statutory $87,007 in tax year 2016 and $87,268 in tax year 2017. Overall, the Executive forecasts a $1,241 average FY 2019 payment to 164,100 recipients. In FY 2018, some 168,200 participants received an average $1,224 payment. The anticipated higher average amount is due to rising property tax liabilities offset, in part, by recent cohorts of program participants with lower average benefits replacing long-time participants with larger average benefits.

Under the Governor's proposal, the Senior and Disabled Citizens' Property Tax Freeze program would reimburse qualified homeowners for the difference between the amount of property taxes paid on a principal residence in tax year 2017 and the amount paid in the base year. Qualified homeowners in FY 2019 would have to be at least 65 years of age or disabled or both. They would also have to have a tax year 2016 and 2017 income not exceeding $70,000 (as opposed to $87,007 in tax year 2016 and $87,268 in tax year 2017 under statutory provisions), whether married or single. Moreover, they would have had to have paid property taxes, directly, or indirectly by means of rental payments, on any homestead or rental unit used as a principal residence in New Jersey for at least ten consecutive years, the last three of which must have been as owners of the homesteads for which they seek the reimbursement.

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
Property Tax Relief Fund, State Aid: Meadowlands Tax-Sharing Payments – Calendar Year 2016 Arrears (PTRF)	**$3,000**	**$0**	**($3,000)**	**(100.0%)**	**D-412**

The Legislature added the $3.0 million to the FY 2018 Appropriations Act to fund the difference between the total amount generated by the Meadowlands regional hotel use assessment and the amount owed to municipalities in the Meadowlands District under the Inter-Municipal Tax Sharing Program. The program was established in 1972 to provide a method of distributing the costs and benefits of economic development and land use decisions made by the New Jersey Meadowlands Commission among the 14 municipalities in the Meadowlands District.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

The "New Jersey Meadowlands Tax Relief Act," (N.J.S.A.5:10A-82 et seq.) revised the method of funding the inter-municipal tax sharing program by replacing municipal payments into the inter-municipal tax sharing account with a regional hotel use assessment of 3 percent of the rent charged for the occupancy of every room in hotels located in the Meadowlands District. Regional hotel use assessment revenues are deposited into an inter-municipal tax sharing account for distribution to municipalities as Meadowlands adjustment payments in accordance with a statutory formula. N.J.S.A.5:10A-85 requires the State Treasurer to deposit additional moneys in the account if hotel use assessment revenues are not sufficient to pay all inter-municipal tax sharing obligations. The Governor's FY 2019 Budget anticipates $4.0 million in collections from the assessment, the same amount as is anticipated in FY 2018 and was collected in FY 2017.

Property Tax Relief Fund, State Aid: Senior and Disabled Citizens' Property Tax Deductions (PTRF)	**$9,900**	**$9,000**	**($900)**	**(9.1%)**	**D-413**

The Governor recommends reducing the FY 2019 appropriation for the State reimbursement to municipalities for the cost of senior and disabled citizens' property tax deductions, as the Treasury anticipates the steady, long-term decline in the number of program participants to continue. In FY 1999, some 121,000 claimants received deductions. In FY 2018, some 40,092 senior and disabled citizens did so, and the department expects the number to decrease further to 35,000 in FY 2019.

Article VIII, Section I, paragraph 4 of the New Jersey State Constitution provides a $250 property tax deduction to homeowners who are at least 65 years of age or disabled or both, if their annual income exclusive of Social Security benefits does not exceed $10,000. The State reimburses municipalities for 102 percent of the resultant revenue loss to cover their administrative expenses.

Property Tax Relief Fund, State Aid: Veterans' Property Tax Deductions (PTRF)	**$48,500**	**$45,700**	**($2,800)**	**(5.8%)**	**D-413**

The Governor recommends reducing the FY 2019 appropriation for the State reimbursement to municipalities for the cost of veterans' property tax deductions, as the Treasury anticipates the steady, long-term decline in the number of program participants to continue. In FY 1999, some 344,000 claimants received the deductions. In FY 2018, some 183,645 veterans did so, and the department expects the number to decrease further to 178,900 in FY 2019.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

The adjusted FY 2018 appropriation includes $1.4 million that is to be placed in reserve in anticipation of a year-end lapse to the Property Tax Relief Fund and approximately $600,000 that was transferred to support senior and disabled citizens' property tax deductions, leaving $46.5 million in budgeted spending authority. Accordingly, although the recommended FY 2019 appropriation for this purpose indicates a $2.8 million reduction, the actual year-over-year funding level is recommended to decrease by approximately $800,000, or 1.7 percent, below FY 2018 expenditures.

Article VIII, Section I, paragraph 3 of the New Jersey Constitution provides a $250 property tax deduction to veteran homeowners who were honorably discharged or released under honorable circumstances from active service in time of war or other emergency. The State reimburses municipalities for 102 percent of their resultant revenue loss to cover their administrative expenses.

Property Tax Relief Fund, State Aid: State Contribution to Consolidated Police and Firemen's Pension Fund (PTRF)	**$325**	**$0**	**($325)**	**(100.0%)**	**D-413**

The Governor's FY 2019 Budget does not provide for a State pension contribution to the Consolidated Police and Firemen's Pension Fund (CPFPF), a $325,000 reduction from FY 2018. According to the most recent CPFPF actuarial valuation report, dated July 1, 2017, CPFPF assets exceed system liabilities, and no employer contribution is required.

The CPFPF is a closed system without contributing members that provides pension coverage to municipal police officers and firemen who were appointed prior to July 1, 1944 and their spouses. While municipalities and the State used to share the responsibility for employer contributions to the fund, the State has assumed any residual contribution liability that has arisen periodically as a result of updated actuarial valuations. As of July 1, 2017, the fund had 77 beneficiaries who had received $541,000 in pension benefits in FY 2017, according to the Consolidated Police and Firemen's Pension Fund of New Jersey Annual Report of the Actuary, prepared as of July 1, 2017.

Property Tax Relief Fund, State Aid: Debt Service on Pension Obligation Bonds (PTRF)	**$22,312**	**$24,047**	**$1,735**	**7.8%**	**D-413**

The recommended increase reflects changing contractual debt service payments for the State Pension Funding Bonds in FY 2019. The above budget line captures only that portion of total debt service payments that is allocated to the State as the employer contribution on behalf of

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

local government entities for the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund.

In 1997, the New Jersey Economic Development Authority issued the $2.8 billion appropriations-backed State Pension Funding Bonds, Series 1997A – 1997 C pursuant to P.L.1997, c.114, the "Pension Bond Financing Act of 1997" ($375 million of which was refinanced in 2003 as State Pension Funding Variable Rate Refunding Bonds, Series 2003). Their proceeds were intended to finance $2.8 billion of the State's $3.2 billion unfunded retirement systems liability in 1997. According to the Fiscal Year 2017 State of New Jersey Debt Report, the State had 2.143 billion in outstanding principal payments at the end of FY 2017 through the bonds' maturity in 2029. In FY 2019, the Governor recommends $459.9 million in total pension bond debt service payments, which represents an increase of $33.2 million, or 7.8 percent, over the $426.7 million FY 2018 appropriation. The outlay is allocated as follows: (1) $243.8 million in the Department of Education (page D-103), (2) $191.8 million in Interdepartmental Accounts, (pages D-442 and D-443), and (3) $24.3 million in the Department of the Treasury (pages D-384 and D-413).

Property Tax Relief Fund, State Aid: Police and Firemen's Retirement System – Post Retirement Medical (PTRF)	**$53,071**	**$55,708**	**$2,637**	**5.0%**	**D-413**

The recommended FY 2019 appropriation would cover the State's obligation to pay 80 percent of the medical and prescription drug claims for Police and Firemen's Retirement System (PFRS) members who retired on disability or with at least 25 years of creditable service in accordance with N.J.S.A.52:14-17.32i. The growth in the requested appropriation is attributable to a projected increase in the number of retirees and the cost of medical and prescription drug claims. The increase is partially offset by an assumption of cost savings from anticipated plan design changes. In general, appropriation recommendations for each fiscal year reflect health benefit plan enrollment and claims projections for parts of two plan years, which run on a calendar year basis.

Because the State is self-insured for the provision of health care benefits for its employees and retirees as well as those of certain local governments, the budgeted appropriations are estimates of the claims costs that the State will incur in a given fiscal year. While the appropriations provide the source of funds to pay for claims costs, the actual expenditures are paid out of the State Health Benefits Fund. Balances carried forward in the State Health Benefits Fund from one fiscal year to the next are not reflected in the FY 2019 Governor's Budget.

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
Property Tax Relief Fund, State Aid: Police and Firemen's Retirement System (PTRF)	**$64,709**	**$78,550**	**$13,841**	**21.4%**	**D-413**
Police and Firemen's Retirement System (P.L.1979, c.109) (PTRF)	**$44,148**	**$51,652**	**$7,504**	**17.0%**	**D-413**
TOTAL	**$108,857**	**$130,202**	**$21,345**	**19.6%**	

The proposed appropriations to these accounts represent 6/10th of the actuarially determined full $217.0 million State pension contribution to the Police and Firemen's Retirement System (PFRS) for full-time county and municipal police officers and firefighters as projected based on July 1, 2017 actuarial valuation results. The accounts are not affected by offsetting lottery contributions under P.L.2017, c.98. The full contribution is comprised of the employer's share of additional pension benefits earned by active employees in FY 2019 (some 24.0 percent of the total) and the accrued unfunded liabilities from prior years (some 76.0 percent of the total).

According to the FY 2019 Budget-in-Brief, the 6/10th contribution in FY 2019 represents a continuation of the payment plan first implemented in FY 2016 that grows in 1/10th increments annually until the achievement of full funding in FY 2023. The FY 2019 contribution, however, deviates from the statutory funding formula, as P.L.2010, c.1 requires that State appropriations to the State public employee retirement systems equal 100 percent of the actuarially determined full State contribution each year.

The total proposed FY 2019 State PFRS contribution is $320.4 million allocated as follows: (1) Direct State Services under Interdepartmental Accounts, $173.2 million (page D-441); (2) Grants-in-Aid for State colleges' and universities' campus police, also under Interdepartmental Accounts, $4.6 million (page D-442); (3) State Aid on behalf of local government entities in the Department of the Treasury, $130.2 million (page D-413); and (4) State lottery revenues under P.L.2017, c.98, $12.4 million (according to the Office of Management and Budget). The actuarially determined full State pension contribution to the PFRS in FY 2019 equals $534.1 million compared to $502.9 million in FY 2018 and $488.0 million in FY 2017. The State would therefore defer the payment of the unfunded portion of the FY 2019 accrued liability, or $213.6 million, into the future.

PFRS provides pension coverage to all full-time county, municipal, and State police officers and firefighters (but not to State Police officers who are covered by the State Police Retirement System). Local employers and the State pay employer contributions. The Police and Firemen's Retirement System account pays for the State's basic pension contribution, whereas the Police and Firemen's Retirement System (P.L.1979, c.109) account covers, at 1.1 percent of covered

Significant Changes/New Programs ($000) (Cont'd)

Budget Item		Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

salary, the State's liability for enhanced pension benefits consisting of a retirement allowance of 65 percent of final compensation for PFRS members who retire after 25 years of service. The system is projected to have 49,313 pensioners in FY 2019, as displayed in the evaluation data in the Governor's FY 2019 Budget (page D-440).

MANAGEMENT AND ADMINISTRATION

Budget Item		Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
General Fund, Direct State Services: Services Other Than Personal	**(S)**	**$1,888 $35,165**	**$1,888**	**($35,165)**	**(94.9%)**	**D-416**

The decrease represents the non-renewal of a FY 2018 supplemental appropriation of $35.2 million for consulting services related to the "Lottery Enterprise Contribution Act," P.L.2017, c.98 (N.J.S.A.5:9-22.5 et al). The main consultant, Bank of America, received $33.9 million of the total.

General Provision 95 of the FY 2018 Appropriations Act authorizes the appropriation of State funds to implement the "Lottery Enterprise Contribution Act," including the costs of consultants, professional advisors, and any other costs determined to be necessary to implement the act. The Executive recommends the continuation of this spending authority (General Provision 94, page F-8). The law contributed the State Lottery to the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), and the Police and Firemen's Retirement System (PFRS) for a term of 30 years. Each of the three retirement systems receives a portion of the proceeds of the State Lottery, based upon each system's members' past or present employment in schools and institutions in the State.

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
General Fund, Direct State Services: State Aid and Grants	**$3,000**	**$0**	**($3,000)**	**(100.0%)**	**D-416**

A FY 2018 supplemental appropriation executed on January 12, 2018 provided $3.0 million to the Cooper Medical School of Rowan University for Pharmacogenomics Opioid Research. The State accounting system indicates these funds have been expended.

The $3.0 million was a component of $66.2 million in FY 2018 supplemental appropriations in the Departments of Children and Families, Corrections, Education, Health, and Treasury that sought to address the recent rise in substance use disorders and its consequences. Although the Governor's FY 2019 Budget does not renew any of the specific supplemental appropriations, it is not clear to what extent the initiatives may receive additional funding in FY 2019 as part of the recommended $100.0 million FY 2019 appropriation for unspecified "Expanded Addiction Initiatives" in the Department of Health (page D-169).

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page
Total Debt Service	**$287,324**	**$281,947**	**($5,377)**	**(1.9%)**	**D-416**
General Fund	**$287,324**	**$258,562**	**($28,762)**	**(10.0%)**	**E-9**
Property Tax Relief Fund	**$0**	**$23,385**	**$23,385**	**N/A**	**E-9**

The Administration recommends a $324.6 million FY 2019 appropriation for general obligation bond debt service payments, of which $282.0 million would be funded in the Department of the Treasury budget and $42.6 million in the Department of Environmental Protection budget (page D-138). The proposed FY 2019 appropriation for all general obligation bond debt service payments combined reflects a net $1.8 million, or 0.6 percent, decrease below the $326.4 million allocated therefor in FY 2018.

The FY 2018 appropriation amount, however, is incomplete, for it captures only general obligation bond debt service payments from budgeted sources. FY 2018 debt service payments from all sources are $337.1 million, rather than the budgeted $326.4 million, owing to the application towards required FY 2018 debt service payments of $10.7 million of the $19.0 million in original issue premium payments the State received as part of a December 2016 sale of $300.0 million in new general obligation bonds for various purposes. The year-on-year drop in FY 2019 general obligation bond debt service payments is therefore $12.5 million, or 3.7 percent, which is entirely attributable to existing debt service amortization schedules.

As of June 30, 2017, some $2.0 billion in principal payments on general obligation bonds remained outstanding, while $468.2 million of authorized general obligation borrowing authority had not yet been issued.

PROTECTION OF CITIZENS' RIGHTS

OFFICE OF THE PUBLIC DEFENDER

General Fund, Direct State Services: Dispute Settlement	**$406**	**$0**	**($406)**	**(100.0%)**	**D-420**
All Other Funds: Dispute Settlement	**$341**	**$0**	**($341)**	**(100.0%)**	**D-420**

The Governor's FY 2019 Budget reflects the cessation of operations by the Office of Dispute Settlement in the Office of the Public Defender (OPD) in FY 2018. The FY 2019 Budget indicates that foreclosure mediation and court mediation services provided by the Office of

Significant Changes/New Programs ($000) (Cont'd)

Budget Item	Adj. Approp. FY 2018	Recomm. FY 2019	Dollar Change	Percent Change	Budget Page

Dispute Settlement were eliminated effective July 1, 2017 and new home warranty arbitration services will be eliminated effective July 1, 2018. The office's entire FY 2018 appropriation, $406,000, has been placed in reserve in anticipation of a year-end lapse to the General Fund. The Office of Management and Budget explained that the OPD discontinued the functions performed by the Office of Dispute Settlement because the OPD did not deem these functions critical to its mission.

Originally established as a part of the Department of the Public Advocate, the Office of Dispute Settlement was transferred to the OPD by P.L.2010, c.34, which abolished the Department of the Public Advocate. The Office of Dispute Settlement provided mediation and arbitration services for persons seeking alternative dispute resolution. The office was authorized to charge fees to public and private parties for educational, consultation, dispute resolution, and other services.

General Fund, Direct State Services: Salaries and Wages	**$98,911**	**$97,541**	**($1,370)**	**(1.4%)**	**D-420**

The Office of Management and Budget explained that the $1.4 million reduction in the Salaries and Wages appropriation for the OPD reflects salary savings resulting from backfilling positions at a lower salary than paid to the positions' previous holders. The bulk of the savings is in the areas of Trial Services to Indigents ($600,000), Office of Dispute Settlement ($370,000), Office of Law Guardian ($200,000), and Office of Parental Representation ($100,000). The recommended number of FY 2019 State-supported funded positions in the OPD is 1,268, the same as in FY 2018.

The OPD was established in 1967 as the centralized agency of government to furnish legal counsel to indigent defendants in criminal cases. Among the OPD's civil responsibilities, the Office of Law Guardian represents children in child abuse and neglect matters (Title 9) and termination of parental rights (Title 30) cases, and the Office of Parental Representation handles the representation of indigent parents in such family court proceedings. The OPD is an "in but not of" agency in the Department of the Treasury.

General Fund, Direct State Services: Additions, Improvements and Equipment	**$1,771**	**$1,420**	**($351)**	**(19.8%)**	**D-420**

The Governor's FY 2019 Budget recommends decreasing the Additions, Improvements and Equipment appropriation to reflect an adjustment in the OPD's line-of-credit debt service schedule. In general, line-of-credit financing is available to State agencies to pay for short-term (three years) equipment needs, such as computers, furniture, vehicle purchases.

Significant Language Changes

Supplemental Appropriation Authority for Purchases of Equipment and Services for Modernization of Tax Systems

Revision

2018 Handbook: p. B-186
2019 Budget: p. D-399

Such amounts as are required for the acquisition of equipment and necessary services essential to the modernization of processing tax returns, payments, and associated documents and transactions are appropriated from tax collections, subject to the approval of the Joint Budget Oversight Committee and the Director of the Division of Budget and Accounting.

Explanation

As revised, this language provision expands the scope of existing supplemental appropriation authority for the purchase of equipment for the modernization of tax return processing to the purchase of equipment and services essential to the modernization of the processing of tax returns, tax payments, and associated documents and transactions. As under the existing language, the use of the supplemental appropriation authority requires legislative approval through the Joint Budget Oversight Committee.

In October 2017, the Division of Purchase and Property issued a Request for Proposal (RFP) for the State of New Jersey Tax Systems Modernization Project. The RFP is to solicit quotes from qualified bidders to replace outdated information technology tax systems and infrastructure.

Use of New Jersey Public Records Preservation Fees for Records Management and Records Center Operations

Revision

2018 Handbook: p. B-187
2019 Budget: p. D-400

Receipts from New Jersey Public Records Preservation fees, not to exceed $2,000,000, are appropriated for the operations of the microfilm or other storage ~~media unit~~ systems in the Division of Revenue and Enterprise Services within the Department of Treasury, including the administration of the State's records management and records center operations, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

The recommended language expands the permitted uses of $2.0 million in New Jersey Public Records Preservation Account receipts that is appropriated off-budget to the Division of Revenue and Enterprise Services (DORES) to include the operation of storage systems and the administration of the State's records management and records center operations. The dedicated $2.0 million

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

appropriation currently pays exclusively for the operations of the DORES microfilm or other storage media units. As of April 27, 2018, the DORES off-budget records preservation account has an uncommitted balance of $3.9 million.

The State's centralized microfilming unit and the associated Specialized Document Imaging Center, both part of the division's Records Management Services, assist State, county, and local government agencies in the preservation of records by performing source-document microfilm and imaging services. Client entities pay for service costs. The FY 2019 Governor's Budget expects $400,000 in client payments for deposit in the "Records Management Microfilm Unit Revolving Fund."

In all, the Administration forecasts $35.0 million in FY 2019 New Jersey Public Records Preservation account receipts in accordance with sections 38 and 39 of P.L.2003, c.117. The law raised each of the county recording fees charged by county clerks and registers under N.J.S.A.22A:4-4.1 by $5 and mandated the ensuing proceeds' deposit in the New Jersey Public Records Preservation account. Account balances are to fund the management, storage, and preservation of public records by the State (60 percent), counties, and municipalities (a combined 40 percent). The county and municipal share used to support the competitive Public Archives and Records Infrastructure Support (PARIS) and Records Disaster Recovery Triage (Records DIRECT) grant programs. But both programs are inoperative following their defunding in FY 2010 and the recurring enactment, first in the FY 2011 Appropriations Act, of budget language diverting into the State General Fund account receipts statutorily set aside for county and municipal use (page D-400 of the FY 2019 Governor's Budget). The above language appropriates $2.0 million of the $35.0 million in anticipated collections for certain authorized DORES operating expenditures.

Appropriation of Receipts from Leasing of State Real Property

Revision

2018 Handbook: p. B-190
2019 Budget: p. D-404

Receipts from the leasing of State ~~surplus~~ real property are appropriated for the maintenance of ~~leased~~ <u>State-owned</u> property<u>,</u> subject to the approval of the Director of the Division of Budget and Accounting~~, provided that an amount not to exceed $100,000 shall be available for the administrative expenses of the program~~.

<u>Explanation</u>

This revised language would appropriate receipts from the leasing of State real property for the maintenance of State-owned property rather than the maintenance of leased property. In addition, the language would remove a restriction that only

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

$100,000 of such receipts may be used for the administrative expenses of the program. The Governor also recommends a new language provision that would appropriate receipts from the leasing of State surplus real property for the maintenance thereof (page D-437).

Next Generation 9-1-1 Transition Grants

Addition

2018 Handbook: p. --
2019 Budget: p. D-410

Receipts in excess of the amount anticipated for Telephone Assessment fees charged at point of sale for prepaid wireless services, are appropriated to the Office of Emergency Telecommunication Services, subject to the approval of the Director of the Division of Budget and Accounting, for Next Generation 9-1-1 Transition Grants. Grants to units of local governments for equipment upgrades and consolidation of Public Safety Answering Points shall be determined in accordance with grant criteria to be jointly developed by the Statewide Public Safety Communications Commission and the Department of the Treasury.

Explanation

This proposed language provision appropriates State Telephone Assessment fee revenues collected at the point-of-sale for prepaid wireless services in excess of the amount anticipated ($13.0 million) to the Office of Emergency Telecommunication Services in the Office of Information Technology (OIT) for Next Generation 9-1-1 Transition Grants. The expansion of the fee to prepaid wireless phone service will require legislative approval. Although no law has been enacted in the current fiscal year to effect the expansion, the $26.8 million FY 2018 appropriation to the Statewide 9-1-1 Emergency Telecommunication System account included $13.0 million from the initiative (page D-408). The Governor's FY 2019 Budget also includes the $13.0 million in the recommended $26.8 million appropriation for the same purpose in FY 2019 and plans to lapse $14.5 million of the account's FY 2018 appropriation into the State General Fund.

Grant awards to local governments for equipment upgrades and consolidation of Public Safety Answering Points are to be determined in accordance with grant criteria to be developed by the Statewide Public Safety Communications Commission and the Department of the Treasury. Established in 2011, the commission oversees the implementation of the Statewide emergency enhanced 9-1-1 telephone system and the New Jersey Interoperable Communications System by the OIT's Office of Emergency Telecommunication Services.

Over the past two decades, there has been a national movement to modernize the existing 9-1-1 system. The goal of this movement, typically referred to as Next Generation 9-1-1, is to update the 9-1-1 service infrastructure in the United States

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

to improve public emergency communication services by utilizing current and emerging telecommunication technologies. These improvements will permit individuals in need of assistance to communicate back and forth with dispatchers, by text, photo, and video, and will allow information to be shared in real-time with first responders.

Parameters of Tax Year 2016 Homestead Benefits Program

Revision

2018 Handbook: p. B-192
2019 Budget: p. D-413

The amount hereinabove appropriated for the Homestead Benefit Program shall be available to provide homestead benefits only to eligible homeowners pursuant to the provisions of section 3 of P.L.1990, c.61 (C.54:4-8.59) as amended by P.L.2004, c.40 and by P.L.2007, c.62, as may be amended from time to time except that, notwithstanding the provisions of such laws to the contrary: (i) residents who are 65 years of age or older at the close of the tax year, or residents who are allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, with (a) gross income in excess of $150,000 for tax year ~~2015~~ 2016 are excluded from the program; (b) gross income in excess of $100,000 but not in excess of $150,000 for tax year ~~2015~~ 2016 are eligible for a benefit in the amount of ~~5%~~ 2.5% of the first $10,000 of property taxes paid; and (c) gross income not in excess of $100,000 for tax year ~~2015~~ 2016 are eligible for a benefit in the amount of ~~10%~~ 5% of the first $10,000 of property taxes paid; (ii) residents who are not 65 years of age or older at the close of the tax year, or residents who are not allowed to claim a personal deduction as a blind or disabled taxpayer pursuant to subsection b. of N.J.S.54A:3-1, with (a) gross income in excess of $75,000 for tax year ~~2015~~ 2016 are excluded from the program; (b) gross income in excess of $50,000 but not in excess of $75,000 for tax year ~~2015~~ 2016 are eligible for a benefit in the amount of ~~6.67%~~ 3.3% of the first $10,000 of property taxes paid; and (c) gross income not in excess of $50,000 for tax year ~~2015~~ 2016 are eligible for a benefit in the amount of ~~10%~~ 5% of the first $10,000 of property taxes paid. These benefits listed pursuant to this paragraph will be calculated based on the 2006 property tax amounts assessed or as would have been assessed on the October 1, ~~2015~~ 2016 principal residence of eligible applicants. The total homestead benefit provided to an eligible applicant in a given State fiscal year shall not exceed the homestead rebate amount paid to such eligible applicant for tax year 2006, absent a change in an applicant's filing characteristics. The 2016 homestead benefit shall be paid in May, subject to the approval of the Director of the Division of Budget and Accounting~~, provided further, however, that a homestead credit that is paid through electronic funds transfer made by the director to the local property tax account maintained by the local tax collector for the homestead of the claimant shall be paid to the local tax collector in one half of the amount of the homestead benefit before the end of the fiscal year and one half of the amount may be paid to the local tax collector on or before July 31 after the end of the fiscal year~~. If the amount hereinabove appropriated for the Homestead Benefit Program is not sufficient, there ~~is~~ are appropriated from the Property Tax Relief Fund such additional amounts as may be required to provide such homestead

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

benefits, subject to the approval of the Director of the Division of Budget and Accounting. ~~From the amount hereinabove appropriated the State Treasurer shall reimburse any municipality for the costs of cash flow borrowing resulting from payment to the local tax collector of one-half of homestead credits after the end of the fiscal year.~~

Explanation

The Governor's FY 2019 Budget recommends a $143.5 million appropriation for the payment of homestead benefits averaging $249 to some 546,200 homeowners in FY 2019. The proposed language, in turn, prescribes the parameters of the recommended FY 2019 Homestead Benefit Program. The language does not change eligibility requirements but reduces benefit amounts by 50 percent from the levels included in the FY 2018 Appropriations Act. However, only half of those amounts were paid in FY 2018 under the revised FY 2018 budget plan. Therefore, the recommended FY 2019 benefit amounts continue the reduced amounts provided in FY 2018.

The elements of the language proposed to be deleted were not implemented in FY 2018 and are not recommended to be implemented in FY 2019. The elements concerned the timing of reimbursements to municipalities for homestead benefits provided to homeowners. Notably, a homestead credit is issued by a municipality as an adjustment to a homeowner's property tax bill. The municipality receives a payment from the State equal to the total amount of credits and for the cost of printing and mailing adjusted tax bills. FY 2018 budget language provided that the State would distribute one-half of the amount due to municipalities for the payment of the homestead benefits to homeowners before the end of FY 2018 and may distribute the other half on or before July 31, 2018. The budget language also required the State to reimburse municipalities for the cost of any cash flow borrowing due to the delayed payment of one-half of the reimbursement. Under the proposed budget language, the entire homestead credit will be paid in May 2019. Accordingly, FY 2018 language provisions regarding State reimbursements to municipalities for Homestead Benefit payments and cash flow borrowing costs are recommended for deletion.

The "significant change" on the Homestead Benefit Program on pages 13 and 14 of this publication discusses the details of the proposed FY 2019 program and the table on page 15 contrasts the benefit amounts individuals would receive under statutory provisions, the amounts they were to receive under language in the FY 2018 Appropriations Act, the amounts they actually received in FY 2018, and the amounts they would collect in FY 2019 according to the recommended language.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Aid to Counties in Lieu of Insurance Premiums Tax Payments

Revision

2018 Handbook: p. B-194
2019 Budget: p. D-415

~~The~~ Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Aid to Counties in Lieu of Insurance Premiums Tax Payments shall be paid to the same counties in the same amounts as would be provided in fiscal year ~~2018~~ 2019 pursuant to the provisions of P.L.1945, c.132 (C.54:18A-1 et seq.). If the amount hereinabove appropriated for Aid to Counties in Lieu of Insurance Premiums Tax Payments is not sufficient, there are appropriated from the Property Tax Relief Fund such additional amounts as may be required pursuant to the provisions of P.L.1945, c.132 (C.54:18A-1 et seq.), subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

As revised, this language provision authorizes the use of additional Property Tax Relief Fund moneys to support full statutory Aid to Counties in Lieu of Insurance Premiums Tax Payments if the appropriated amount falls below that threshold. Prior to FY 2018, these payments were provided as an "off-budget" appropriation of insurance premiums tax revenues for "Other Distributed Taxes;" they are now distributed through the Property Tax Relief Fund as of FY 2018.

P.L.1952, c.227 levied a franchise tax on domestic (organized under New Jersey law) and foreign (organized under the laws of another State) insurance companies based on their New Jersey premiums. State law required the franchise tax to be paid to the municipality and county in which the insurance company's principal offices were located as of January 1 of the prior year; 87.5 percent of the tax liability was paid to the municipality and 12.5 percent to the county.

P.L.1981, c.183 repealed the franchise tax and requires payments to be made to municipalities and counties in order to prevent any loss of revenues due to the elimination of the tax. Amounts distributed to municipalities (approximately $19.6 million) were integrated into the Consolidated Municipal Property Tax Relief Aid Program beginning in FY 1996. Payments to counties currently totaling $7.9 million are provided through the State budget. According to the Division of Taxation, payments are made so long as the principal office of a domestic insurance company remains at the location established on January 1, 1981.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Appropriation of Energy Tax Receipts Property Tax Relief Fund

Addition

2018 Handbook: p. --
2019 Budget: p. F-12

99. Notwithstanding the provisions of any law or regulation to the contrary, amounts deposited into the "Energy Tax Receipts Property Tax Relief Fund" pursuant to P.L.1997, c.167 are appropriated to the General Fund as State revenue.

Explanation

This proposed language provision authorizes State tax revenues, currently deposited in the Energy Tax Receipts Property Tax Relief Fund (ETR Fund) to be deposited in the General Fund. The State established the ETR Fund in 1997 as an off-budget account through which it distributes receipts from the taxation of certain regulated utilities and telecommunications companies as aid to municipalities (also known as ETR Aid). The Governor's FY 2019 Budget proposes shifting FY 2018 and FY 2019 ETR Aid from an off-budget appropriation supported by the ETR Fund to an on-budget appropriation supported by the Property Tax Relief Fund (PTRF). Tax revenues formerly deposited into the ETR fund would be deposited into the General Fund instead.

The Executive maintains that moving the ETR Aid appropriation on-budget will allow the State to maintain budget flexibility in the face of insufficient General Fund resources. The total amount proposed for allocation to all municipalities as ETR Aid through the PTRF in each of FY 2018 and FY 2019 ($788,492,000) is unchanged from the ETR Fund allocation for municipal aid in FY 2017 and FY 2018, as included in the FY 2018 Appropriations Act. The Executive also proposes transferring $375.9 million from the Consolidated Municipal Property Tax Aid account to support statutorily required inflation increases to ETR Aid. The total proposed FY 2019 ETR Aid distribution is $1.164 billion.

Prior to 1997, the Gross Receipts and Franchise Tax was levied on energy and telecommunications companies in lieu of allowing municipalities to levy property taxes on energy and telecommunications properties. P.L.1997, c.162 repealed the Gross Receipts and Franchise Tax as it applied to electric, natural gas, and telecommunications utilities. P.L.1997, c.167 established the ETR Fund as a special dedicated fund to replace the Gross Receipts and Franchise Tax. ETR Fund revenues are raised by applying: (1) the Sales and Use Tax to energy or utility services; (2) the Corporation Business Tax to electric and natural gas utilities formerly subject to the Gross Receipts and Franchise Tax; (3) the Corporation Business Tax to telecommunications utilities formerly subject to the Gross Receipts and Franchise Tax; and (4) the Gross Receipts and Franchise Tax to privately owned sewerage and water corporations. Some of the revenues that P.L.1997, c.167 requires to be deposited in the ETR Fund are routinely used as general State revenue.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Energy Tax Receipts Property Tax Relief Aid Payments

Revision

2018 Handbook: p. B-193
2019 Budget: p. D-415

~~There is appropriated from the~~ Notwithstanding the provisions of any law or regulation to the contrary, the amount hereinabove appropriated for Energy Tax Receipts Property Tax Relief ~~Fund~~ Aid ~~the amount of $788,492,000~~ and an amount not to exceed ~~$347,534,000~~ $375,939,000 from Consolidated Municipal Property Tax Relief Aid is appropriated and shall be allocated to municipalities in accordance with the provisions of subsection b. of section 2 of P.L.1997, c.167 (C.52:27D--439), provided further, however, that from the amounts hereinabove appropriated, each municipality shall also receive such additional amounts as provided in the previous fiscal year from the Energy Tax Receipts Property Tax Relief ~~Fund as provided in the previous fiscal year~~ Aid account. Each municipality that receives an allocation from the amount so transferred from the Consolidated Municipal Property Tax Relief Aid program shall have its allocation from the Consolidated Municipal Property Tax Relief Aid program reduced by the same amount.

Explanation

The revised language concerns municipal aid formerly disbursed from the Energy Tax Receipts Property Tax Relief Fund (ETR Fund). The State established the fund in 1997 as an off-budget account through which it distributes receipts from the taxation of certain regulated utilities and telecommunications companies as aid to municipalities (N.J.S.A.52:27D-439), which will instead be disbursed from the Property Tax Relief Fund in FY 2018 and FY 2019. Amendatory language enacted in 1999 instituted a $755 million funding requirement for FY 2002 and mandated that the amount be annual adjusted for inflation thereafter (P.L.1999, c.168).

Since FY 2003, however, energy tax receipts allocated from the ETR fund have been inadequate to cover statutorily required aid payments from the ETR Fund, as the annual excess of energy tax receipts above a set level ($788,492,000 since FY 2006) has been used by the State General Fund. To fulfill the ETR funding requirement, language provisions similar to the above has transferred moneys from the Consolidated Municipal Property Tax Relief Aid program account to the ETR fund. For municipalities, the net effect of these reallocations has been zero, as increases in ETR disbursements have fully corresponded to the decreases in CMPTRA. For FY 2019, the Administration proposes increasing the transfer from CMPTRA to Energy Tax Receipts Property Tax Relief Aid by $28.4 million, from $347.5 million to $375.9 million, reflecting the required inflation adjustment.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Diversion of Trust Fund for the Support of Public Broadcasting Balances

Deletion

2018 Handbook: p. B-195
2019 Budget: p. –

~~Notwithstanding the provisions of section 22 of P.L.2010, c.104 (C.48:23–29) or any other law or regulation to the contrary, the amount received by the New Jersey Public Broadcasting Authority from T–Mobile USA, Inc. pursuant to the Concurrent Operations and Interference Avoidance Agreement and deposited into the Trust Fund for the Support of Public Broadcasting is appropriated from the trust fund for deposit into the General Fund as State revenue.~~

Explanation

The Governor recommends the elimination of budget language that diverted amounts received from T-Mobile from the dedicated "Trust Fund for the Support of Public Broadcasting" to the State General Fund. This language is obsolete due to the termination of the "Concurrent Operations and Interference Avoidance Agreement" between T-Mobile and the New Jersey Public Broadcasting Authority (NJPBA) following the NJPBA's relinquishment of broadcast bandwidth in the Federal Communications Commission's Spectrum Auction whose results were announced in April 2017.

Approved in May 2015, the agreement allowed T-Mobile to operate in broadcast bandwidth adjacent to the NJPBA's Channel 51 in Montclair. In addition to certain initial payments executed by T-Mobile, monthly payments of $416,666 ($5.0 million annually) for the entirety of the initial three-year agreement were required. The agreement was to be terminated when the NJPBA ceases to operate on Channel 51, which was to be the case given the commitment of the NJPBA to relinquish this broadcast bandwidth as a result of the Federal Communications Commission's Spectrum Auction. The State collected $2.9 million from T-Mobile in FY 2018.

Appropriation of Revenue from New Jersey Public Broadcasting Authority Asset Sales

Deletion

2018 Handbook: p. B-195
2019 Budget: p. –

~~Notwithstanding the provisions of section 22 of P.L.2010, c.104 (C.48:23–29) or any other law or regulation to the contrary, the monies received by the New Jersey Public Broadcasting Authority from the sale of assets by the New Jersey Public Broadcasting Authority in the Federal Communications Commission spectrum incentive auction shall be deposited into the Trust Fund for the Support of Public Broadcasting; provided however, that the amount in excess of $10,000,000 is appropriated from the trust fund for deposit into the General Fund as State revenue, subject to the approval of the Director of the Division of Budget and Accounting.~~

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

The Governor recommends the deletion of budget language that diverted to the General Fund all but $10 million from the $332 million received by the New Jersey Public Broadcasting Authority (NJPBA) in FY 2018 from the sale of its surplus broadband spectrum in the Federal Communications Commission's (FCC) Broadcast Incentive Auction. The auction was authorized by Congress in 2002 to reclaim a portion of the available spectrum dedicated to broadcast television for wireless broadband use. Since the incentive spectrum auction has occurred and the revenue has been received and allocated in accordance with the language, there is no need for this language to be reauthorized in FY 2019.

On April 25, 2017, the NJPBA announced that it has relinquished its surplus broadband spectrum. According to the FCC's final bid prices for the broadband spectrum relinquished by the NJPBA, WNJN Channel 51 Montclair's spectrum was relinquished for $193.9 million and WNJS Channel 22 Camden's spectrum was relinquished for $138.1 million. P.L.2010, c.104 requires all moneys received by the State from the sale, lease or assignment of any assets or property of the NJPBA which comprise the public broadcasting system to be deposited into the "Trust Fund for the Support of Public Broadcasting." Trust fund balances are dedicated solely for the support of a public broadcasting system serving New Jersey. Under the budget language, only $10 million was deposited into the trust fund and the remaining auction proceeds ($322 million) were deposited into the General Fund.

Elimination of Office of Dispute Settlement

Deletion

2018 Handbook: p. B-197
2019 Budget: p. –

~~Receipts in excess of the amount anticipated for the Dispute Settlement Office of the Office of the Public Defender are appropriated, subject to the approval of the Director of the Division of Budget and Accounting.~~

Explanation

The Governor's FY 2019 Budget reflects the cessation of operations by the Office of Dispute Settlement in the Office of the Public Defender (OPD) in FY 2018. This budget language appropriated revenue in excess of the amount anticipated from the Office of Dispute Settlement's mediation services to fund the operations of the office. The Administration anticipates these collections to equal $341,000 in FY 2018. The Governor's FY 2019 Budget indicates that foreclosure mediation and court mediation services provided by the Office of Dispute Settlement were eliminated effective July 1, 2017 and that new home warranty arbitration services

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

will be eliminated effective July 1, 2018. The office's entire FY 2018 General Fund appropriation, $406,000, has been placed in budget reserve. The Office of Management and Budget explained that the OPD discontinued the functions performed by the Office of Dispute Settlement because the OPD did not deem these functions critical to its mission.

Originally established as a part of the Department of the Public Advocate, the Office of Dispute Settlement was transferred to the OPD by P.L.2010, c.34, which abolished the Department of the Public Defender. The Office of Dispute Settlement provided mediation and arbitration services for persons seeking alternative dispute resolution. The office was authorized to charge fees to public and private parties for educational, consultation, dispute resolution, and other services.

Funding for Immigration Status-Related Legal Assistance

Addition

2018 Handbook: p. --
2019 Budget: p. D-421

In addition to the amount hereinabove appropriated for Legal Services of New Jersey -- Legal Assistance in Civil Matters, an amount not to exceed $2,100,000, subject to the approval of the Director of the Division of Budget and Accounting based on actual and anticipated caseloads, shall be made available by the Department of the Treasury for the provision of legal assistance to individuals facing detention or deportation based on their immigration status.

Explanation

The Governor's FY 2019 Budget authorizes the appropriation of up to $2.1 million to provide legal assistance to individuals facing detention or deportation based on their immigration status. It is unclear whether these funds would be provided to Legal Services of New Jersey or other legal services providers, and what specific conditions individuals must meet to qualify for State-funded assistance.

Supplemental Appropriation Authority to Rejoin Regional Greenhouse Gas Initiative

Addition

2018 Handbook: p. --
2019 Budget: p. F-11

87. Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amounts hereinabove appropriated for environmental protection, there are appropriated such additional amounts as the Commissioner of Environmental Protection and the President of the Board of Public Utilities may determine to be necessary to ensure that the State of

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

New Jersey rejoins the Regional Greenhouse Gas Initiative in an expeditious manner, subject to the approval of the Director of the Division of Budget and Accounting.

Explanation

This language authorizes supplemental appropriations of unspecified, unlimited amounts, as determined by the Commissioner of Environmental Protection and the President of the Board of Public Utilities, without additional legislative approval to ensure that the State rejoins the Regional Greenhouse Gas Initiative (RGGI) in an expeditious manner.

RGGI member states pledged to gradually lower annual regional carbon dioxide emissions from power plants through 2020. To that end, RGGI created a cap-and-trade program effective as of January 1, 2009 under which participating Northeastern and Mid-Atlantic states first auction off carbon dioxide emission allowances and power plant owners then trade them in a secondary market so as to match emissions with emission allowances. New Jersey was an original member of RGGI at the time of its creation in 2002, but withdrew as of January 1, 2012. Executive Order No. 7, issued on January 29, 2018, directed that steps be taken to ensure the State's timely return to full participation in RGGI. The budget assumes that this will occur during FY 2019.

Diversion of Global Warming Solutions Fund Balances

Deletion

2018 Handbook: p. E-8
2019 Budget: p. --

~~85. Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated to the General Fund as State revenue an amount not to exceed $5,957,000 transferred by the New Jersey Economic Development Authority to the State from the proceeds of monies that have not been committed by the authority pursuant to P.L.2007, c.340 (C.26:2C-45 et seq.). Amounts appropriated pursuant to this act shall be credited against the Brownfield Site Reimbursement Fund as determined by the Director of the Division of Budget and Accounting.~~

Explanation

In FY 2018, this language provision authorized the diversion of up to $6.0 million in unexpended Global Warming Solutions Fund balances into the State General Fund, and provided for the diverted funds to be credited against the Brownfields Site Reimbursement Fund account. The diverted funds represented unspent Global Warming Solutions Fund receipts deposited with the Economic Development Authority (EDA) in accordance with the fund's statutory distribution schedule.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

P.L.2007, c.340 authorized New Jersey's participation in the Regional Greenhouse Gas Initiative (RGGI). Cumulatively, New Jersey generated $113.3 million from the RGGI auctions of carbon dioxide emission allowances to power plant owners from January 1, 2009 through December 31, 2011, the date of its withdrawal from the initiative. The law mandated that proceeds from the auctioning of emission allowances be deposited in the "Global Warming Solutions Fund." The law instructed the EDA to use 60 percent of fund receipts to provide financial assistance to commercial, institutional, and industrial entities to support energy efficiency projects, combined heat and power production facilities, and new efficient electric generation facilities. The Board of Public Utilities was directed to use another 20 percent of the proceeds to support programs reducing the electricity demand or costs of low- and moderate-income residential ratepayers primarily in urban areas. The Department of Environmental Protection was directed to use the remaining 20 percent to manage the State's forests and tidal marshes and to support local government initiatives designed to lower greenhouse gas emissions. However, language provisions in prior annual appropriations acts redirected most fund balances to other purposes.

The Brownfields and Contaminated Site Remediation Program was established by P.L.1997, c.278 as a tax-increment financing instrument to reimburse developers for up to 75 percent of the costs incurred in remediating abandoned or underused, contaminated, commercial and industrial properties (N.J.S.A.58:10B-26 et seq.). Payments for a project are capped at the amount of incremental State tax revenues the redeveloped project generates. The law created the Brownfield Site Reimbursement Fund as the account in which State tax revenue produced by redeveloped sites is deposited and then disbursed to developers, but in reality the account has obtained funding from a variety of sources, including General Fund appropriations, uncommitted funds from the Global Warming Solutions Fund, and the constitutional dedication of four percent of annual corporation business tax collections for environmental purposes that support the remediation of the discharges of hazardous substances.

Using Clean Energy Fund Balances for Energy Efficiency Projects in State Facilities

Addition

2018 Handbook: p. --
2019 Budget: p. F-11

97. Notwithstanding the provisions of any law or regulation to the contrary, there is appropriated from the Clean Energy Fund $5,000,000 for transfer to the General Fund as State revenue to provide for the cost of energy efficiency projects in State facilities.

Explanation

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

The proposed language would divert $5.0 million in Clean Energy Fund balances into the General Fund in FY 2019 to pay for energy efficiency projects in State facilities. According to the FY 2019 Budget-in-Brief, the amount would be used for the Energy Savings Initiative Program (ESIP). The diversion, however, represents merely a reallocation of Clean Energy Fund balances that are already transferred into the General Fund in FY 2018. Specifically, the Governor proposes reducing an existing diversion to defray the cost of utilities in State facilities by an equivalent $5.0 million from $52.5 million in FY 2018 to $47.5 million in FY 2019 (page D-438).

P.L.2009, c.4 established the ESIP for State-owned and -operated buildings. The law strives to increase the number of energy conservation projects the State undertakes by allowing two financing mechanisms to defray the projects' up-front cost over a period not exceeding 15 years (or 20 years in certain cases). First, the State may contract with energy service companies that assume the up-front cost of infrastructure improvements with the State repaying its debt over time out of the energy cost savings it realizes from the investments. Alternatively, the State may enter into a lease-purchase financing agreement, whereby the State engages a contractor that will purchase certain energy conservation equipment on behalf of the State and lease it to the State in return for lease payments over a predetermined term. At the end of the term the State will assume ownership of the equipment.

New Jersey ratepayers finance the Clean Energy Program through the societal benefits charge included in their electric and natural gas bills. The program was authorized as part of the "Electric Discount and Energy Competition Act," P.L.1999, c.23 (N.J.S.A.48:3-49 et seq.). Through the program the Board of Public Utilities promotes increased energy efficiency and the use of renewable energy sources. The Governor's FY 2019 Budget anticipates $493.0 million in available Clean Energy Fund resources in FY 2019 and $343.3 million in expenditures, which is comprised of $182.4 million in program expenditures and $160.9 million in transfers to the State General Fund.

Ombudsman for Individuals with Intellectual or Developmental Disabilities

Addition

2018 Handbook: p. --
2019 Budget: p. F-12

<u>98. Notwithstanding the provisions of any law or regulation to the contrary, in addition to the amounts hereinabove appropriated for the Department of the Treasury, there are appropriated such additional amounts as are necessary to establish the Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and their Families established pursuant to P.L.2017 c.269, subject to the approval of the Director of the Division of Budget and Accounting.</u>

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

Significant Language Changes (Cont'd)

Explanation

This proposed language provision authorizes the Administration to effect supplemental appropriations of unspecified, unlimited amounts to the Department of the Treasury to establish the Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and their Families without additional legislative approval.

P.L.2017, c.269 created the Office of the Ombudsman for Individuals with Intellectual or Developmental Disabilities and their Families as an agency in, but not of, the Department of the Treasury. The ombudsman would serve as a source of information for individuals with intellectual or developmental disabilities and their families and interested members of the public, to help them better understand State and federal laws and regulations governing individuals with intellectual or developmental disabilities. On April 19, 2018, the Governor appointed the first ombudsman.

EXPLANATION: FY 2018 language not recommended for FY 2019 denoted by strikethrough.
Recommended FY 2019 language that did not appear in FY 2018 denoted by underlining.

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Individuals wishing information and committee schedules on the FY 2019 budget are encouraged to contact:

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