

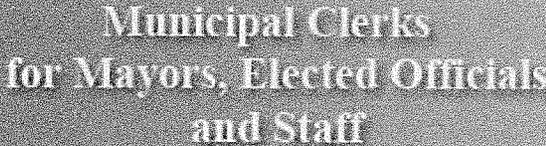
Masser, Michelle

From: Lashway, Lisa
Sent: Wednesday, January 02, 2013 3:34 PM
To: Canning, Sean; Masser, Michelle
Subject: FW: I. "Fiscal Cliff" Deal Postpones Funding Cut Decisions, Preserves Tax Exemption for Municipal Bonds, Extends Unemployment Benefits & Most Bush-Era Tax Cuts II. House Adjournment Threatens "Sandy" Reli

Lisa Lashway
Mt. Olive Twp. Clerk
973-691-0900 Ext. 7291
FAX 973-691-2080
PO Box 450
Budd Lake, NJ 07828

From: NJLM to Municipal Officials [mailto:njlm-clerks@cityconnections.com]
Sent: Wednesday, January 02, 2013 3:23 PM
To: Lashway, Lisa
Subject: I. "Fiscal Cliff" Deal Postpones Funding Cut Decisions, Preserves Tax Exemption for Municipal Bonds, Extends Unemployment Benefits & Most Bush-Era Tax Cuts II. House Adjournment Threatens "Sandy" Reli

To view an online version of this email, click [here](#).



January 2, 2013

RE: I. "Fiscal Cliff" Deal Postpones Funding Cut Decisions, Preserves

Tax Exemption for Municipal Bonds, Extends Unemployment Benefits and Most Bush-Era Tax Cuts

II. House Adjournment Threatens “Sandy” Relief Funding

Dear Mayor:

As you know by now, Congressional action has averted sequestration and prevented a plunge off the “fiscal cliff.” However, the House of Representatives adjourned, ending the 112th Congress, without taking action on the emergency “Sandy” relief funding bill.

I. “Fiscal Cliff”

Early on New Year’s Day, the Senate passed a measure aimed at averting the fiscal cliff of automatic tax hikes and spending cuts that threaten to throw the economy back into a recession. The vote was 89-8, with three Democrats and five Republicans voting against the bill. (Senator Menendez voted in favor of the compromise. Senator Lautenberg did not vote.) Then, the House passed the fiscal cliff bill without amendment. The final vote was 257 – 167 with 172 Democrats and 85 Republicans voting to pass the bill. (Congressman Garrett voted “no.” All other New Jersey Congressmen voted in favor of the compromise.) The measure resulted from negotiations between Vice President Joe Biden and Republican Senate Minority Leader Mitch McConnell, after talks by other leaders broke down

Among other items, the measure protects the Bush-era tax rates for families earning less than \$400,000, extends jobless benefits for two million Americans, delays for two months automatic spending cuts to domestic and defense programs that are set to go into effect tomorrow, and extends a host of other expiring tax provisions.

This compromise will not reverse a scheduled increase in the payroll tax that funds Social Security. According to an analysis by the Tax Policy Center in Washington, this means that about 77 percent of households will pay a larger share of income to the federal government this year.

The tax this year will increase by two percentage points, to 6.2 percent from 4.2 percent, on all earned income up to \$113,700. As a result, most low and middle income household will likely see their taxes increase, despite the

preserved Bush era tax cuts.

It is important for municipalities to note that the bill does not call for any changes to the tax exemption for municipal bonds. However, our fight to preserve the exemption is not over by any means - congressional and Administration staffers continue to signal that the exemption is on the table if and when there is a tax reform process. (By the way, thank you all for the outreach to our congressional delegations about the importance of this exemption. See our December 13 for more information. <http://www.njslom.org/letters/2012-1213-fiscal-cliff.html>)

With the two month delay, the bill adds the debate over the automatic spending cuts to the list of two other contentious spending matters that Congress will take up early in the year: the nation's debt ceiling, which will be exceeded by late February, and a stop gap spending measure to avoid a government shutdown after the current one expires on March 31.

II. "Sandy" Relief Funding Bill Dies

The House adjourned without taking action on the Senate-passed Hurricane Sandy Emergency Relief Funding bill. On December 11, League President, Mayor Janice Mironov, and First Vice President, Mayor Suzanne Walters, had written to Speaker Boehner, asking his help in advancing the Administration's request for increased funding for the Federal Emergency Management Administration and other Federal agencies that have been helping the municipalities and the people of New Jersey to recover. That letter noted:

"In the aftermath of Sandy, New Jersey municipalities will have more to do for our citizens, and less to do it with. Citizens are displaced. Families have been uprooted. Home are lost or severely damaged. Many remain unsafe to return to. New Jersey businesses face the same issues.

"Meanwhile, Mayors and governing body members are 'in the same boat,' so to speak, as their homes and businesses were affected. Tons of debris still needs to be moved. Our municipal infrastructure (roads, water, electric, gas and sanitation systems) has been damaged or destroyed. Municipal buildings and schools are similarly damaged. Municipal financial obligations (County and school district property taxes, payroll, contracts for good and

services, bond holders) still need to be met.

“In the best traditions of public service, local officials are working with their neighbors and with their colleagues on the county and State level to meet immediate needs. Federal agency personnel have provided tremendous support. And New Jersey mayors have been on the front lines assisting their citizens in finding shelter and filing FEMA claims and in dealing with utilities to speed power restoration and in dealing with FEMA and State government. Under the circumstances, they are providing great service and we are proud to be able to serve as a conduit of information for them.

“But for all that has been done, more is needed still. Accordingly, and on behalf of so many who have lost so much, respectfully, we urge you to advance the Administration’s request for \$60.4 billion in resources for response, recovery and mitigation related to Sandy damage in all the affected States.”

Last Friday, the Senate passed the \$60.4 billion disaster bill in a bipartisan 62-32 vote. But, as this session of Congress will end at noon tomorrow, it appears that the “Sandy” funding request will need to clear all legislative hurdles in both Houses, yet again.

We will keep you posted on further developments, as the 113th Congress begins at noon, tomorrow, January 3. If you have any questions, contact Jon Moran at 609-695-3481, ext. 121 or jmoran@njslom.com.

Very truly yours,

William G. Dressel, Jr.
Executive Director

*If you would like to be removed from receiving faxed advisories please contact Shirley Cade at scade@njslom.com or 609-695-3481 ext. 114 with the name of your municipality and fax number. Thank

you.

Please be advised that the information you receive is not legal advice. You must consult your town attorney to make sure that any of the material you receive is in accordance with current state law and your particular facts and situation.

Please be advised that the New Jersey State League of Municipalities is subject to the New Jersey Open Public Records Act. As such, any email sent or received by the League may be subject to a records request.

New Jersey League of Municipalities
222 West State Street, Trenton, NJ 08608
609-695-3481

Click [here](#) to forward this mailing with your personal message.

This email was sent to: **clerk@mtolivetwp.org**
This email was sent by: **New Jersey League of Municipalities**
222 West State Street, Trenton, NJ 08608

Click [here](#) to leave this mailing list.