

# **MTANJ October Advocacy Report**

## Upcoming Elections:

With the 2016 presidential election only a couple of weeks away New Jersey is focused less on that race and more on the 2017 gubernatorial contest. This year is a quiet year in New Jersey. The Legislature and governor are not up for election so contests are limited to all twelve United States House of Representatives seats and municipal and county races. However, there has been much news in recent weeks about the 2017 gubernatorial election and residual politics. First, Jersey City Mayor Steve Fulop was widely expected to launch a campaign for the Democratic nomination for governor but he declined to run and endorsed the former United States Ambassador to Germany, Phil Murphy. Murphy is a former Goldman Sachs executive, major Democratic Party fundraiser, and ambassador based in Monmouth County. With Fulop's announcement and endorsement most other northern New Jersey counties who were partial to a northern New Jersey candidate decided to endorse Murphy setting up a domino effect. With significant support from northern and central New Jersey county political parties Senate President Steve Sweeney, another major gubernatorial candidate, declined to launch a campaign for governor and after polling members of the Senate Democratic caucus decided to run for another term as Senate President. Senator Raymond Lesniak of Union County also declined to run for governor and now other candidates including Assemblyman John Wisniewski of Middlesex County and former Democratic State Party Chairman Tom Byrne of Mercer County are mulling a bid but it is expected that Murphy will have significant party support and unlimited personal campaign financing making him the likely Democratic nominee for governor. On the Republican side it is expected that there will be a contested primary given that there is no clear favorite to succeed Governor Chris Christie who cannot seek re-election due to term limits. Somerset County Republican Assemblyman Jack Ciattarelli launched his campaign for the Republican gubernatorial nomination and other candidates are expected to announce as well. Lieutenant Governor Kim Guadagno, Warren County Senator Mike Doherty, and Assembly Republican Leader Jon Bramnick are all weighing runs for the Republican nomination but have not announced their intentions yet. It is very likely that Democrats will maintain control of the Legislature given their 24 seat majority in the Senate and their 52 seat majority in the Assembly. However, it is possible that Assembly leadership will change following the November 2017 election. Senate President Sweeney is expected to easily win another term as President of the Senate.

## OON Update:

A month ago the Legislature returned from a limited summer schedule and began holding committee hearings and voting sessions again. While there were not any new developments on the existing Out-of-Network legislation since June there have been other developments. First,

Assemblyman Raj Mukherji, a Hudson County Democrat, introduced a model bill which is crafted based upon our compromise transparency and disclosure recommendations. The measure is favorable to us. We are working with him and the Assembly leadership to secure a hearing on the bill so that we may advance our compromise ideas on Out-of-Network reform. Second, the Assembly sponsors of the other legislation held a press conference earlier this month with representatives of several organizations including public employee unions and social justice groups to promote the bill. These supporters made themselves known during the summer when discussions were held about public employee health plan cost savings and the idea of Out-of-Network reform was discussed but action was not taken. Third, the Senate bill has long been assigned to the Senate Commerce Committee which has jurisdiction over insurance matters. Last week, Senate President Stephen Sweeney removed long-time committee chair Nia Gill and replaced her with a new chair, Senator Nellie Pou of Paterson. Senator Pou is a veteran of the Legislature having served in both the Assembly and Senate. Our advocacy team will want to meet with Senator Pou and brief her about our concerns with the current bill. However, there remains little support for the bill among other Senate Commerce Committee members and time will tell if this committee leadership change will have any impact on the Senate bill. We continue to work within a united House of Medicine coalition of hospitals and providers to find a compromise on items such as transparency and disclosure while opposing other hostile parts of the bill.

#### Transportation Trust Fund:

On June 30, 2016 the funding formula for New Jersey's \$16 billion Transportation Trust Fund (TTF), the capital transportation construction budget, expired. Governor Christie and the Legislature were unable to agree on a new funding formula. Democrats in the Legislature have long supported an increase in the state's gasoline and diesel tax given how low it is compared to other states and the fact that it had not been raised since 1988. The governor was open to a motor fuels tax increase so long as it was balanced by proportional tax cuts. After four months of failed negotiations and wrangling the governor, Senate President Sweeney and Assembly Speaker Vincent Prieto agreed to a deal which was signed into law by the governor on Friday, October 14<sup>th</sup>. The new funding formula will reauthorize the TTF with an 8 year \$2.0 billion per year capital program. In summary, the measure would increase the State's motor fuels tax by .23 cents per gallon, enhance Local Aid allocations to \$400 million per year, reduce the State's sales tax to 6.875% in 2017 and then 6.625% in 2018, increase the earned income tax credit from 30% to 35%, and phase out the estate tax by 2018. As you may recall, in early July the governor halted all non-emergency road construction projects but that executive order has been lifted and infrastructure improvement projects will begin again soon.