

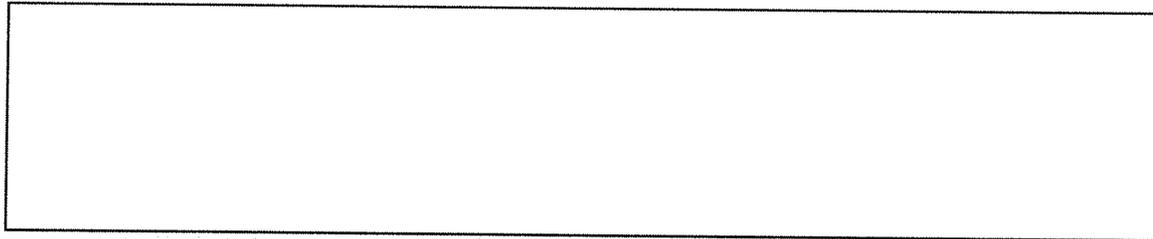
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Masser, Michelle

From: Lashway, Lisa
Sent: Monday, April 15, 2013 3:35 PM
To: Canning, Sean; Masser, Michelle
Subject: FW: Treasurer Testifies on State Budget and ETR

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From: NJLM to Municipal Officials [mailto:njlm-clerks@njslom.org]
Sent: Monday, April 15, 2013 2:52 PM
To: Lashway, Lisa
Subject: Treasurer Testifies on State Budget and ETR



Mayors Advisory

April 15, 2013

RE: Treasurer Testifies on State Budget and ETR

Dear Mayor:

Earlier this Month in Trenton, the State Treasurer presented testimony on the Governor's proposed budget before the Assembly Budget Committee and the Senate Budget and Appropriations Committee.

With regards to the Energy Tax, the Treasurer noted, " ... the Governor's budget continues the longstanding practice of supporting our municipalities through a combination of resources from the Consolidated Municipal Property Tax Relief Act (CMPTRA) and the Energy Tax Receipts Property Tax Relief Fund (ETR). Together, these two programs will provide stable funding for our municipalities at \$1.36 billion. Nonetheless, and despite the fact that the State has been meeting its full legal obligations, some in local government would like the State to disaggregate these two funds for budgeting purposes and advance additional ETR revenues to localities. Although we are aware of the historical context, we again do not have the financial flexibility to make discretionary adjustments to meet this longstanding request."

In my testimony on the Governor's proposed budget (See our March 5 letter at <http://www.njslom.org/letters/2013-0305-Budget.html>), no mention was made of "disaggregation," nor of "discretionary adjustments." (See my testimony at http://www.njslom.org/letters/J_Mironovs_FY_2014_Budget030513.pdf.) In fact, the original "aggregation" of CMPTRA and the ETR was a "discretionary adjustment," made for State budgeting purposes; as were the municipal funding cuts and diversions made in 2008, 2009 and 2010 (SFY '09, '10 and '11) to meet State needs.

My testimony stated, "This year again, respectfully, we ask the members of this committee to, at least, begin to restore the \$331 million that was diverted from these property tax relief programs to meet State needs in FY 2009, 2010 and 2011. New Jersey property taxpayers have already waited too long for the return of these resources. The time has come to restore to local budgets the millions in property tax relief that have been annually diverted to meet State needs."

The Treasurer went on to note the savings that have been produced by management reforms, such as pension and benefits reforms and binding arbitration reform. The Treasurer pegged the amount of saving at "approximately \$586 million" in fiscal 2014, stating, "By any measure, that's real savings for local taxpayers."

We have repeatedly expressed our appreciation for those actions, including in this

year's budget testimony. However, it is important for your taxpayers to understand that those savings do not represent a decrease in local costs, from one year to the next. Local costs for pensions, benefits and public safety employee salaries will, in most cases, still increase. The \$586 million represents an estimate of the difference between what local costs would have been without the reforms and what they will now be because of those reforms. As a result of the reforms, municipalities will not suddenly be able to slash \$586 million from property tax bills. It is a measure of the difference between what will be and what might have been.

My testimony on the Governor's proposed budget expressed our appreciation to the Legislature and to the Governor for those reforms and the resultant savings. I also asserted, "Fair-minded people now recognize that the next advance in property tax relief has to involve ending the State's taking of Energy Tax Receipts and CMPTRA funds that are meant to be distributed to municipalities for property tax relief."

We will keep you posted on future budget State budget news, as the Legislative hearings progress.

Very truly yours,

Janice S. Mironov, President,
New Jersey State League of Municipalities and
Mayor, East Windsor Township

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