



## LEGISLATIVE VIEWPOINT

New Jersey State League  
of Municipalities

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June 15, 2022

Re: A-3804/S-330, Restoration of Property Tax Relief Funding to Municipalities

Dear Honorable Members of the General Assembly:

Earlier today the League Executive Board met and directed me to write you on their behalf and on behalf of the 564 member municipalities to ask you take action to support critical property tax relief legislation.

We strongly support **Assembly Bill A-3804/Senate Bill S-330**, which increases the distribution to municipalities from the Energy Tax Receipts Property Tax Relief Fund, restoring funds to municipalities, and urge you to pass such legislation before the state budget break. A-3804/S-330 is the first major step in addressing property tax affordability.

S-330 passed the Senate in March and is pending a Committee hearing in the Assembly. While there are corrections and amendments that should be made shortly, we urge the Legislature and Administration to work with the New Jersey League of Municipalities and the New Jersey Conference of Mayors to address any necessary changes and act promptly on enacting this legislation.

This legislation provides for a two-year phased-in restitution of the \$331 million, which has been annually diverted from dedicated municipal funding programs – the Energy Tax Receipts Property Tax Relief Fund (ETR) and the Consolidated Municipal Property Tax Relief Aid (CMPTRA). During State Fiscal Years 2009, 2010, and 2011, this funding was diverted from towns to address State budget accounts. Ever since those dedicated revenues have not been distributed to municipalities. As drafted, the legislation would eventually bring funding for all municipalities back to 2008 levels.

Taxes on gas and electric utilities were originally collected by the host municipalities, and when the State made itself the collection agent for these taxes, it promised to return the proceeds to municipalities for property tax relief. Just as municipalities collect property taxes for the benefit of school districts, counties, and other entities; the State is supposed to collect Energy Taxes for the benefit of municipal governments.

For years, though, State officials, from both sides of the aisle, have diverted funding from Energy Taxes to plug holes in the State budget and to fund State programs. The restoration of this funding to New Jersey's municipalities is long overdue.

Local officials are clearly committed to limiting their reliance on increased property taxes while bearing the responsibility to provide for local needs including critical public safety and health needs of the community. The overall trend has been for a slowdown in the growth of the average property tax bill since the 2% property tax levy cap. In 2021, the average local property tax bill increased by 1.9%.

We thank the sponsors, Assemblymembers Benson, Moriarty, and Jaffer and Senator Singleton, and Senate President Scutari for their efforts to restore these important assets to local government. We further urge the legislature to consider the need for high-quality local programs and services and the constraints under which local officials must operate.

Thank you for your consideration of our concerns and we urge your immediate action as part of the State Budget process on A-3804 and S-330.

Very truly yours,



Michael F. Cerra  
Executive Director, NJLM

c: The Honorable Members of the Senate  
The Honorable Phil Murphy, Governor of NJ