



June 11, 2024

RE: Open Letter to the Administration and the State Legislature Urging Restoration of Energy Tax Receipts Property Tax Relief Fund

Dear Honorable Members of the Senate Budget & Appropriations Committee:

On behalf of the respective memberships of the New Jersey League of Municipalities and the New Jersey Conference of Mayors, we strongly urge the full restoration of the Energy Tax Receipts Property Tax Relief Fund to municipalities and encourage you to incorporate this essential municipal funding into the 2025 Fiscal Year New Jersey State budget. This funding is a necessary first step in addressing property tax affordability in the state.

We appreciate that the 2024 Fiscal Year budget included a \$150 million allocation and that the 2023 Fiscal Year New Jersey State budget included a \$75 million allocation in new funds, both identified as the Municipal Relief Fund. These were positive first steps in the right direction after years of neglecting the restoration of crucial funding.

For years previous to FY 2023, State officials from both sides of the aisle 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. Allocating this vital funding 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.

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 a slowdown in the growth of the average property tax bill since the 2% property tax levy cap. In 2022, the average local property tax bill increased by 1.9%.

We thank you for your consideration and for hearing our concerns and urge your immediate action as part of the 2025 Fiscal Year New Jersey State budget process.

Sent on behalf of:

The Hon. Bill Chegwidden
President, NJLM; Mayor, Wharton

The Hon. Robert Conley
President, NJCM, Mayor, Madison

The Hon. Paul Tomasko
1st Vice President, NJLM, Mayor, Alpine

The Hon. Jason Cilento
1st Vice President, NJCM, Mayor, Dunellen

The Hon. Sean Elwell
2nd Vice President, NJLM, Mayor, Elsinboro

The Hon. Jaclyn Veasy
2nd Vice President, NJCM, Mayor, Evesham

The Hon. Shelley Brindle
3rd Vice President, NJLM, Mayor, Westfield

The Hon. David Fried
3rd Vice President, NJCM, Mayor, Robbinsville

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