

Re: FY 2023

Comments, as prepared, of Mike Cerra, NJLM Executive Director
On the Proposed State FY 2023 Budget
Before the Assembly Budget Committee, March 23, 2022

Good afternoon, I am Mike Cerra, Executive Director of League of Municipalities. I am here today to offer comments on behalf of League President Bill Pikolycky, Mayor of Woodbine, and the membership of the League. We will follow up in writing with the Committee, but I would like to highlight three areas in the proposed budget.

The first is our request for the Legislature to begin the long-overdue restoration of the Energy Tax Receipts funding (ETR), which is not included in the proposed budget.

In particular, this property tax relief funding is designed to replace taxes that were once assessed and collected at the municipal level. In the years following the 2008 financial crisis, municipal funding was slashed by about \$331 million and has never been restored.

Since then, municipal governments have weathered the Great Recession, Superstorm Sandy, the imposition of the 2% tax levy cap, the inability to renew the 2% cap on interest arbitration awards, a series of weather-related incidents that have inflicted serious damage to our landscape, not to mention the depletion of our ratable base, the maintenance of essential municipal services in and through the COVID-19 pandemic, and now the looming impact of historical levels of inflation. All while keeping property taxes at a historically low level.

It's time...time to begin the restoration of this municipal funding, which for 10 years has been used for **State budgeting purposes**. With a \$4 billion projected surplus, we respectfully urge you to begin the long-overdue restoration of this municipal funding.

We would also like to thank the sponsors of S-330, Senator Singleton and Senate President Scutari. This bill, which would restore this property tax relief funding over a two-year period, was approved recently by the Senate 39-0 and awaits consideration in the General Assembly.

Second, we would also like to express our appreciation for over \$300 million proposed for affordable housing funding as part of settlement agreements. We hope this will facilitate municipalities meeting their court settlements...but it needs to be just the first step.

It's time...time for the Legislature and Administration to fully engage again on affordable housing. This allocation should be just the first step in the State Legislature and Administration developing a statewide housing policy and again provide an administrative alternative for municipalities to the inefficient and ineffective court process.

The third area I would like to highlight is the level funding in Transitional Aid, Capital City Aid, and the Highlands Protection Fund, as well as the 35% decrease in Open Space PILOT and that it be restored to its FY 2022 Budget appropriation of \$10 million.

Lastly, League President Pikolycky, as a first generation Ukrainian, has asked me to express his heart-felt appreciation for the bipartisan support from the Administration and the Legislature in support of the people of Ukraine.

To wrap up, we appreciate the difficult decisions that lay ahead that you will need to make and all that you have already done to restore the damage that COVID-19 inflicted on New Jersey families, our public health infrastructure, and private and public sector finances.

For all you do, and on behalf of every mayor, governing body member, and municipal front-line employee, we thank you and would appreciate your consideration of our comments.

Thank you.