

SENATE COMMUNITY AND URBAN AFFAIRS COMMITTEE

STATEMENT TO

SENATE, No. 51

STATE OF NEW JERSEY

DATED: MAY 13, 2019

The Senate Community and Urban Affairs Committee reports favorably Senate Bill No. 51.

This bill requires the distribution of additional State aid to municipalities under the “Energy Tax Receipts Property Tax Relief Act.” Budget constraints required reductions in the amount of Consolidated Municipal Property Tax Relief Aid (CMPTRA) distributed to all municipalities in Fiscal Years 2009, 2010, and 2011. Some municipalities also experienced reductions in their Energy Tax Receipts Property Tax Relief Aid (ETR Aid) distribution during that period. This supplemental funding would restore, over a five-year period, approximately \$331 million in reductions to CMPTRA and ETR Aid.

In Fiscal Year 2021, municipalities would receive an aid increase equal to 20% of the difference between the distribution of CMPTRA and ETR Aid they received in Fiscal Year 2008 and Fiscal Year 2012. Municipalities would receive equal increases in each of the following four fiscal years. The fully restored amount would be distributed beginning in Fiscal Year 2025 and in each fiscal year thereafter. The total amount of aid to be restored to each municipality would be in addition to the total amount of CMPTRA and ETR Aid distributed to each municipality in Fiscal Year 2012. This legislation also extends the existing ETR Aid “poison pill” protection to ensure that each municipality received an aid amount not less than the combined payment of CMPTRA and ETR Aid to municipalities in Fiscal Year 2012 and the additional aid distributed under the bill.

This bill also amends current law to require a municipality to subtract any additional amount of ETR aid it receives, pursuant to the bill, from its adjusted tax levy when computing that amount for its next fiscal year. By deducting the additional amount of ETR Aid from the previous year’s levy, municipalities would be permitted to raise a lower amount of taxes through the levy for municipal purposes.

This bill was pre-filed for introduction in the 2018-2019 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.