

Once Upon A Time there Really was Property Tax Relief...
The Legislature and Governor must take action on Energy Taxes now.

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Once upon a time there really was Property Tax Relief. Systematically, the State of New Jersey has taken property tax relief away from you. It didn't happen overnight—in fact, it's been going on for about 20 years through many Governors on both sides of the aisle. However, the problem has gotten worse in recent years—in 2011 a total of \$505 Million in Energy Taxes was taken by the State from all the municipalities in New Jersey. This is up from \$72 Million in 2005. If all the other taxes that were suppose to help property taxpayers made it back to municipalities that number would have been a whopping \$889 Million.

What are Energy Taxes? They are revenues paid by utility companies for electric and gas lines that run through every town in New Jersey and the Energy Taxes are paid to municipalities in lieu of property taxes. There was a time about 40 years ago when each municipality received these Energy Taxes directly from the utility companies—until Trenton got a bright idea to collect all the Energy Taxes directly, split up the money and then returned it back to every community in New Jersey with a handling charge. The State cleverly renamed the Energy Taxes and called it State Aid. They gave us our own money back and made it sound like they were helping us.

There was even a time that many communities did not have to collect local property taxes from residents because the Energy Taxes covered those bills. When the State got hold of the money they began taking it away to fund state programs or fill budget gaps.

Now is the time for the Legislature and the Governor to take action to give municipalities back the money they have skimmed off the top to stop future tax increases and provide property tax relief. The New Jersey State League of Municipalities has been fighting this issue for a number of years, but intensified our efforts in 2011 and now in 2012 with an even greater effort. Don't let the State take the money away from property taxpayers' local budgets.

Local government collects the taxes for our schools, county, and other entities. We must give 100% of those funds to the entities we collected it for---we can't skim those dollars. Likewise, the State owes municipalities 100% of their dollars and should not skim money off the top!

In little Buena Vista Township in Atlantic County we have lost \$5 Million over the past 10 years. Imagine what we could have done for our property taxpayers with that type of relief. It will likely be impossible to go backwards to make up for our losses, but we can

stop the skimming now. Imagine what amount of dollars that would be for the larger towns in this region. Here's one example: Egg Harbor Township in Atlantic County lost almost \$18 Million over the past 10 years. Energy Taxes is a bipartisan issue—big town or small, urban or suburban—all property owners would realize savings.

The League of Municipalities calls on our State policy makers to provide us with this important tool to relieve the worst-in-the-nation property tax burden that has been borne for too long by the people of New Jersey.

The State does have the right to over-ride the statutory dedication of these revenues to local governments, but this should be done to deal with real emergencies and crises that occur. It should not be the normal way the State deals with these funds.

Please let your legislators and the Governor know that you want Energy Taxes and other taxes that have been skimmed off restored back to our municipalities where it rightfully belongs. This will bring real property tax relief to our residents and better management of local budgets.

We can not solve this problem without your support. Hundreds of municipalities have already passed Resolutions in support of restoring the Energy Taxes. More information is available on the League website at www.njslom.org under the heading of “Energy Tax Restoration Center”.

Your priorities as a property taxpayer are just as important as many other projects that sidetrack your dollars in Trenton. Each town can calculate the amount of dollars they have lost in the past 10 years—you will find the amount of money involved to be amazing.

The League of Municipalities works for every town in New Jersey regardless of its politics, size, or location.