

## Sample Resolution

### Funding Formulas Matter

**WHEREAS**, there are two main formula-driven general municipal property tax relief programs currently on the books in our Garden State; and

**WHEREAS**, The Energy Tax Receipts Property Tax Relief program is the direct descendant of the Public Utility Gross Receipts and Franchise Tax (PU-GRAFT), which was a tax on regulated public utilities originally assessed and collected at the municipal level; and

**WHEREAS**, in the early 1980's, when, at the request and for the convenience of the tax paying utilities, the State became the collection agent for this assessment, the law that effected this change promised that the proceeds would be distributed back to the municipalities, which provide services to utility facilities and from whence come utility profits; and

**WHEREAS**, the State of New Jersey never honored that commitment, immediately diverting large and growing portions of the proceeds to its own general fund; and

**WHEREAS**, modernization and deregulation led to a major reform of utility taxes in the mid-Nineties, which validated and, supposedly, capped the State's annual skim, and which included a 'poison pill,' which required the State to annually increase the municipal distribution of Energy Tax proceeds or to risk the forfeiture of the State's authority to collect the tax; and

**WHEREAS**, around the same time, for its own convenience, the State decided to 'consolidate' a number of previously discrete municipal property tax relief programs into the Consolidated Municipal Property Tax Receipts Aid (CMPTRA), many of the component parts of which had been distributed according to state established formulas; and

**WHEREAS**, many of those parts were, like Energy Taxes, the lineal descendants of taxes that had once been assessed and collected at the municipal level, including the Financial Business Tax, the Business Personal Property Tax Replacement, the Railroad Class II Property Tax, the Insurance Franchise Tax, the Corporation Business Tax on Banking Corporations and a big chunk of State PILOT payments, that had been under-funded for many years, prior to being folded into the Consolidation; and

**WHEREAS**, these are, or were, like the Energy Tax, all *municipal revenue* replacement programs, not, properly speaking, *State* aid, since they were not meant to make things better for municipal property taxpayers, but only intended to keep things from getting worse; and

**WHEREAS**, in the late-Nineties, a law was passed that required both the Energy Tax and CMPTRA distributions to be annually increased by the rate of inflation, which requirement posed a special problem for future State budget makers; and

**WHEREAS**, as those budget makers viewed the matter, the problem was not how to comply with the requirement, rather the problem was how to evade compliance without invoking the Energy Tax ‘poison pill;’ and

**WHEREAS**, in order for the State to increase Energy Tax distributions by the rate of inflation for five straight years without providing municipalities with one new dollar in property tax relief, it reduced the CPMTRA distribution by the same amount that it increased the Energy Tax distribution; and

**WHEREAS**, this year, it proposes to do even more, since this year, CMPTRA is to be reduced by about \$62 million more than the Energy Tax will be increased; and

**WHEREAS**, though they may be ignored, formulas matter, if for no other reason than they give us a standard by which to judge an official’s commitment to property tax reform; and

**WHEREAS**, if there needs to be a discussion about a new formula for phasing in property tax relief funding cuts to address the State’s budget problems, if there is to be a serious discussion about the way municipal property tax relief funding is distributed, or if anyone in Trenton wants to discuss the continued need for meaningful and sustainable property tax relief and reform, local officials stand ready to work with the Speaker and the Corzine Administration on changes; and

**WHEREAS**, since there are no ‘efficiency measures’ that can be computed in time to allow municipalities to rationally plan and budget this year; now therefore be it

**RESOLVED**, that the governing body of *(name of municipality)* calls on its elected representatives in Trenton, Senator \_\_\_\_\_ and Assembly members \_\_\_\_\_ and \_\_\_\_\_, to work with their colleagues in the Legislature and with the Governor to take affirmative action to restore program funding sufficient to honor state statutes and their stated commitment to the cause of property tax relief in all New Jersey municipalities; and be it further

**RESOLVED**, that copies of this resolution be forwarded to Governor Jon S. Corzine, Acting State Treasurer R. David Rousseau, Senate President Richard J. Codey, Senate Minority Leader Thomas H. Kean, Assembly Speaker Joseph J. Roberts, Assembly Minority Leader Alex DeCroce, the Chairs and Members of the Senate and Assembly Budget and Appropriations Committees, our own Senator \_\_\_\_\_ and Assembly members \_\_\_\_\_ and \_\_\_\_\_ and to the New Jersey State League of Municipalities.

Source: New Jersey State league of Municipalities

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