



# ***“STATE BUDGET REVIEW”***

**FRIDAY, MARCH 4, 2016**

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# Agenda



- **STATE BUDGET ADDRESS**
- **MUNICIPAL PROPERTY TAX RELIEF FUNDING**
- **TRANSPORTATION TRUST FUND**
- **PENSION AND HEALTH BENEFITS**

# State Budget



- **GOVERNOR CHRISTIE DELIVERED HIS PROPOSED BUDGET VIA AN ADDRESS TO A JOINT SESSION OF THE STATE LEGISLATURE ON FEBRUARY 16.**
  
- **FULL TEXT:**  
[HTTP://NJ.GOV/GOVERNOR/NEWS/ADDRESSES/2010S/APPROVED/20160216.HTML](http://NJ.GOV/GOVERNOR/NEWS/ADDRESSES/2010S/APPROVED/20160216.HTML)
  
- **GOVERNOR SPOKE OF 2 KEY PRINCIPLES**
  - Fiscal Restraint
  - the pursuit of “hard reforms”

# Municipal Property Tax Relief Funding

(or what they call “State Aid”)



- **EARLIER, DCA COMMISSIONER RICHMAN SPOKE TO LOCAL OFFICIALS VIA A CONFERENCE CALL TO ADVISE:**
  - Budget Proposal would provide flat funding (\$1.4 billion) in combined Energy Tax Receipts (ETR) and Consolidation Municipal Property Tax Relief Aid (CMPTRA.)
  - Once again, some ERT funding will be redirected for State budget purposes, instead of local tax relief.
  - Transition Aid would hold level at \$107 million.
  - Open Space Payment in Lieu of Taxes at \$6.5 million
  - Highlands Protection Fund at \$4.4 million.
  - Homestead Relief, Senior Disable and Veterans Property Tax Deduction and Property Tax Deduction Act at \$1 billion.

# Municipal Property Tax Relief Funding



- **ON FEBRUARY 26, THE DCA/DLGS POSTED THE CY 2016/SFY 2017 PROPERTY TAX RELIEF CERTIFICATIONS.**
- **MUNICIPALITIES MUST OBTAIN THEIR CERTIFICATION THROUGH THE WEBSITE. THEY WILL NOT BE MAILED.**
- **LOCAL FINANCE NOTICE:  
[HTTP://WWW.NJ.GOV/DCA/DIVISIONS/DLGS/LFNS/16/2016-05.PDF](http://www.nj.gov/dca/divisions/dlgs/lfns/16/2016-05.pdf)**

# Municipal Property Tax Relief Funding Backloading



- **BACKLOADING ETR/CMPTRA**
- **(DISTRIBUTION DATES FOR ENERGY TAX PROPERTY TAX RELIEF PAYMENT ARE SET BY STATUTE – C. 167, PL 1997, SECTION 2.C. ), BUT THOSE DATES CAN BE SUPERSEDED IN THE APPROPRIATIONS ACT. DISTRIBUTION DATES FOR CMPTRA ARE SET ANNUALLY IN THE APPROPRIATIONS ACT, BUT ARE ALWAYS MADE TO COINCIDE WITH ENERGY TAX DISTRIBUTIONS.)**

# Municipal Property Tax Relief Funding Backloading, Distribution Dates

NJSA	SFY 2016	SFY 2017 (proposed)
July 15, 35%	Aug 1, 45%	Aug 1, 40%
Aug 1, 10%		
Sept 1, 30%	Sept 1, 30%	Sept 1, 30%
Oct 1, 15%	Oct 1, 15%	Oct 1, 10%
Nov 1, 5%	Nov 1, 5%	Nov 1, 5%
Dec 1, 5%	*Dec 1, 5%	
		**Dec 20, 15%
* For FY municipalities in SFY 2016, the final 5% will be distributed on June 1.		**For Fiscal year municipalities, it is proposed that the final 15% will be distributed on June 1.

# Transportation Trust Fund



➤ **THE GOVERNOR DOWNPLAYED CONCERNS OF TTF FUNDING:**

- *“The reality is that New Jersey is fully able to support the current capital program as originally proposed in the current five-year authorization. My administration continues to examine ways to control cash flow and make the most of every taxpayer dollar that the TTF spends. So, while we wait for realistic proposals and for a legitimate discussion on tax fairness, not just tax hikes, my administration has been hard at work analyzing cost drivers and ways to maintain its roadways in a more cost-effective manner. There is time to reach a reasonable agreement. But it will need to be the right one for the hardworking taxpayers of New Jersey.”*



# Transportation Trust Fund



- **MARK YOUR CALENDAR: TTF AND JUNE 30**
- **PUBLIC BALLOT QUESTION LIKELY TO BE ON NOVEMBER BALLOT CONSTITUTIONALLY DEDICATING THE EXISTING RECEIPTS OF GAS AND PETROLEUM TAX TO THE TTF.**
- **DISCUSSIONS INVOLVE A POSSIBLE INCREASE IN GAS TAX AND A PARALLEL REDUCTION IN INHERITANCE AND/OR ESTATE TAXES.**
- **“TAX FAIRNESS”**

# Pension and Health Benefits



- Governor's proposal will look to increase the State's public employee pension payments through the use of savings, expected to be produced by proposed State Health Benefit Plan reforms.
- The Administration projects those reforms to produce \$250 million in State savings from public employee and retiree health costs.
- The Governor asserted that his proposed health benefit reforms would also save municipal and county governments a bit less than \$100 million, and school districts a bit more than \$100 million.
- He further asserted that in addition to that, State and local public employees would see \$100 million in savings through reduced premium sharing.)

# Pension and Health Benefits



## **ROADMAP COMMISSION'S PROPOSED REFORMS**

# Education Early Retirees & Retirees



- Shifting education retirees and early retirees to their school district
- Parallel health benefit reforms at local school district and municipal level to fully offset increased cost to local taxpayers

# Active Employees



- Move health benefit plan to “High Gold”
- Expand Primary Care Medical Homes
- Health Retirement Accounts
- Out of network reforms

# Early Retirees Medicare Eligible Employees



- Private Exchange
- Retirement Reimbursement  
Accounts

# Looking Ahead



- **“BUDGET RECESS” MID-MARCH TO EARLY MAY.**
- **MOST LEGISLATIVE REFERENCE COMMITTEES WILL NOT MEET SO BUDGET HEARINGS WILL PROCEED**
- **LEAGUE PRESIDENT TO TESTIFY:**
  - Assembly Budget: Wednesday, March 9, at Montclair State University
  - Senate Budget: Tuesday, March 22, at NJIT in Newark

# Looking Ahead—Other Related issues



- **BUSINESS PERSONAL PROPERTY TAX (BPPT)**
- **ATLANTIC CITY**
- **PROPOSED BALLOT QUESTIONS TO AMEND STATE CONSTITUTION:**
  - Casino Expansion
  - Dedication of existing Gas/Petroleum tax for TTF
  - Mandatory Pension Payments



# Monitor Developments



**PLEASE MONITOR LEAGUE ALERTS FOR ANY  
SUCH DEVELOPMENTS**

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## THANK YOU!

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