STATEMENT BY HONORABLE JOSEPH TEMPESTA, JR,,
MAYOR, WEST CALDWELL AND
PRESIDENT, NEW JERSEY STATE LEAGUE OF MUNICIPALITIES
CONCERNING THE PROPOSED NEW JERSEY STATE 2016-2017 BUDGET
PRESENTED TO THE SENATE BUDGET AND APPROPRIATIONS COMMITTEE
MEETING IN NEWARK, NEW JERSEY
TUESDAY, MARCH22, 2016

In his budget address, Governor Christie stated, as his core principles, the need for fiscal restraint and a willingness to pursue “hard reforms” to build a stronger economy and to make the State a better place to live. We salute this Committee for the work you have done, and continue to do, on both of those goals. You all deserve credit and our thanks for that. We want to assure you that local officials share those principles and we aim at the same goals.

Governor Christie has offered a serious budget that seeks to address a number of the State’s serious problems. As always, the first concern of local officials has to be property tax relief funding.

The good news about direct municipal property tax relief programs is that formula funding will not be going down. As a result, local budget makers can anticipate the same amount that was distributed in FY ’16 through the comingled Consolidated Municipal Property Tax Relief Act (CMPTRA) and the Energy Tax Receipts Property Tax Relief (Energy Tax) programs, through the Open Space PILOT program, and through the Highlands Protection Fund. Further, municipalities that received $29 million through the Transitional Aid program during the current State Fiscal Year, will be assured of that funding through CMPTRA in the upcoming budget. In other words, no municipality will face cuts in general formula aid programs.

Once again, some local Energy Tax Receipts funding will be redirected to cover unspecified State priorities.

For the sixth straight year, local property taxpayers will be denied the benefit of annual inflationary adjustments that are required by State statute in both CMPTRA and Energy Tax funding. And a longer look back reminds us that these years of level funding began at the bottom of deep hole. During State Fiscal Years 2009, 2010 and 2011, a total of $331 million was diverted from property tax relief, and instead used to address some serious State budget gaps.

The cumulative impact of years of underfunding, going back well before those cuts, has left many municipalities with unmet needs. New Jersey mayors and municipal governing bodies are best suited to assess local needs. Further, these revenues are intended to fund local priorities and services.

Local officials are clearly committed to limiting their reliance on increased property taxes. The Commissioner of the Department of Community Affairs recently noted that, since the imposition of the 2 percent levy cap in 2010, and despite the allowance for certain common sense exceptions, local levies have averaged 2 percent growth. But local officials are also committed to providing for the health and safety of their follow citizens. They are also committed to promoting local economic development and redevelopment opportunities. And they are also committed to protecting the rights of future generations to enjoy the same, if not a better, quality of life, than that of their parents and grandparents.

We urge you to consider the need for high quality local programs and services and the constraints under which local officials must operate. We urge you to trust local officials to responsibly balance local needs and local resources. We urge you to begin to restore these funds, which the State needed to address a real crisis, back to local budgets, where they are meant to be.

It's worth noting that the proposed budget would delay the distribution of CMPTRA (Page D-56 of the detailed Budget) and Energy Tax (page D-403). Instead of distributing the final 5% on December 1, this proposal delays the distribution of the final 15% until December 20. We have heard that the change will assist in addressing some State cash-flow problems. We have asked local officials to review the new distribution timetable and to let us know if they foresee any problems it might cause. We hope that you will allow us to share their responses with you, as the budget process moves along. But at this point, we want to note that, when faced with a budget problem, the State has, once again, looked to municipal budgets for a solution.

The Governor's proposal will look to increase the State's public employee pension payments through the use of savings, expected to be produced by unspecified State Health Benefit Plan reforms. The Administration projects those reforms to produce $250 million in State savings. The Governor, further, noted 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. (In addition to that, State and local public employees would see $100 million in savings through reduced premium sharing.) It could, then, produce savings for the State, for our local property taxpayers and for public employees. The Governor said, "It's a win-win-win for our citizens."

In his budget address, the Governor referred to the recommendation of his Pension and Benefits Roadmap Commission. We have serious concerns with the Commission's report. It fails to recognize the fact that municipalities and their employees have consistently contributed to the local PERS and PFRS funds. The real issue is with the State's pension funds. And neither local funds, nor any real or projected local savings, should be used to address the State's funding problems. In fact, we believe that the "Roadmap to Resolution" reports include some faulty premises and will not have the intended effect.

Working with League's Executive Board, our Management Reform Committee and our special committees on Pensions and Benefits, we hope to bring to the table a compromise solution establishing a stable Health Benefits and Pension Reform package.

Finally, we urge this Committee, as well as the entire Legislature and the Administration, to address the immediate and long-term transportation infrastructure problems of New Jersey. On June 30, it isn't a pot hole that awaits the New Jersey's Transportation Trust Fund. It is the end of the road.

The State Department of Transportation (DOT) reports that New Jersey's municipalities are responsible for 64 percent (28,539 center line road miles) of our roads. County governments are responsible for another 22 percent (6,649 center line road miles). Together, local governments are responsible for 39 percent of our bridges. Local roadways and bridges carry about 55 percent of all traffic.

So it’s clear that we at the local level bear the brunt of dealing with our state’s crumbling infrastructure, but we have not received the funding we need to make the necessary improvements without impacting property taxpayers. Long-term reauthorization of the TTF, with assurances of sufficient, sustainable, dedicated funding for State and local needs must be a top Legislative priority, now. Given the extent of the local infrastructure, and given the need for strong and steady investment in that infrastructure, we will ask for assurances that Local Aid will represent, at a minimum, 25% of annual Transportation Capital spending. And we will call for adjustments in funding, to account for the effects of inflation.

We appreciate the fact that Senate President Sweeney and Assembly Speaker Prieto are strong advocates of increased local aid. Respectfully, we ask all of you to join them on that.

We have called on State policy makers to take decisive action now on this crucial State priority. We repeat that call today. We cannot continue kicking the can ever further down the road. Given the urgent need for road repairs, the can can’t last much longer.

Thank you for your kind attention. As you move forward in this process, please let us know if you have any questions or there is any way that we could help.