

July 6, 2017

**Re: State Budget Finally Finalized**

Dear Mayor:

As you know by now, after the three day shutdown, State leaders agreed to, and the Legislature passed, the State's FY '18 Appropriations Act, which was signed by the Governor as Chapter 99, P.L. 2017. Before signing the act, the Governor invoked his Constitutional authority to eliminate certain provisions from the bill passed by the Legislature. Click here to find the [Governor's FY 2018 line-item vetoes](#). Click here to read the Governor's July 4 Press Release. Click here to read the [Speaker's Statement on the Budget Agreement](#). And click here to access the State's [FY 2018 Appropriations Act](#), as passed by the Legislature.

Among the changes made by the Governor, via his line-item veto, was the elimination of language that would have guaranteed full statutory Meadowlands adjustment payments to the appropriate municipalities, through the inter-municipal account. The guarantee would have protected those municipalities, in the event that the three percent regional hotel assessment might fail to produce revenues sufficient to hold them harmless.

In our previous correspondence on the, then pending, State Budget ( See our [June 27 update](#), our [June 23 update](#), our [June 16 update](#), our [May 19 update](#), our [May 17 update](#) , our [April 13 update](#), our [April 7 update](#), our [March 24 update](#), our [March 3 update](#), and our [February 28 update](#) for further details.), we neglected to mention one item of note – the delayed reimbursements for the Homestead Property Tax relief . As you know, after the April income tax payments failed to meet his expectations, the Treasurer had to recommend actions to keep the State's then current (FY '17) fiscal year budget balanced. Among those actions was the delay in Homestead Property Tax relief reimbursements to municipalities, which were due to be paid May 1, until after July 1, in the State's new fiscal year.

The FY '18 budget contains a provision that would require the next Treasurer to pay one-half of the reimbursement 'before the end of the fiscal year'; i.e., before June 30, 2018. The other payment half would be made 'on or before July 31'; i.e., during FY '19. The budget bill would also require the next Treasurer to 'reimburse any municipality for such costs of cash flow borrowing resulting from (the delay).'

Of course, the next Treasurer may have to kick the whole reimbursement bucket into FY '19. We will only know if that is the case next May. But this much is certain. Once again, local officials, who have collectively balanced over 4,000 budgets over the past eight years, are again being asked to address a state budget problem.

Sincerely,

Michael J. Darcy, CAE  
Executive Director