

Time to end state's diversion of Energy Tax and CMPTRA

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By

Letters to the Editor/The News of Cumberland County



Mayor Albert Kelly

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For decades, the one issue that has been front and center for Bridgeton, like the rest of New Jersey, has been property taxes.

Previous legislatures have offered various approaches to relieving New Jersey's highest-in-the-nation burden, as have a variety of blue ribbon panels and commissions, yet none of these have had the type of success that taxpayers need and deserve. At this point, we'll settle for some stability if that can be a first step toward meaningful reform.

One thing that would be a strong first toward that stability would be for state government to reverse course on the energy tax, more properly known as the Energy Tax Receipts Property Tax Relief Program (ETR) and its companion, Consolidated Municipal Property Tax Relief Aid, more easily referred to as CMPTRA.

The Energy Tax, as we know it today, is an off-shoot of the Public Utility Gross Receipts and Franchise Tax (PU-GRAFF) that was once collected at the municipal level, with funds going to the municipalities to take care of business at the local level. In the early 1980s, the utilities asked the state to be the collector of these revenues as a way to make the process easier. The law that made this possible required the state to turn those proceeds back to the communities to allow the municipalities to invest on the local level and not place a further burden on local property taxes.

Adding to this, in the 1990s, the state also decided to consolidate other assorted taxes, including the Financial Business Tax, Business Personal Property Tax, Corporate Business Tax on Banking Corporations, and State Payments in Lieu of Taxes or PILOTS, into one "consolidated" menu known as CMPTRA. Again, as it was with the Energy Tax, funds from CMPTRA were to be returned to the cities for use in doing that community's business and not adding to the property tax burden.

Unfortunately for the municipalities, once these changes took place in the '80s and '90s, the state has used ever-increasing amounts of these revenues to plug holes in the state budget, leaving municipalities to raise local property taxes for municipal business, and suffering the wrath of taxpayers to boot.

What that has meant for Bridgeton over the years is a loss of revenue that would have otherwise been available to either mitigate, or in some cases eliminate, property tax increases. Just looking at the past 3 years (2009, 2010, 2011), and what it would have meant for Bridgeton to have all the revenues due as the original legislation intended, the city would have had an additional \$1,467,865, \$1,467,865 and \$2,347,155 respectively.

These dollars, or rather a lack of these dollars, has had a real and lasting impact on the health and wellbeing of our city.

Whether it's park improvements, infrastructure upgrades, street paving or simply holding the line on property tax increases, this loss of revenue translates into higher property taxes with no appreciable increase in services, and in some cases, seeing existing services scaled back.

I say all of this because in the weeks and months to come, and looking ahead to 2012 and beyond, I will be joining my fellow mayors from across New Jersey to press our legislators into doing the right thing on ETR and CMPTRA for the benefit of our citizens.

While this will be one set of voices speaking on the issue, I urge you, the taxpayer, to be heard as well.

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