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## September 10, 2020

**Municipal Clerks:** Please forward to your Mayor, Governing Body and Department Heads.

To assist in providing guidance and information we have created a [COVID-19 resource page](#). We will continue to update the page as we get pertinent information and include announcements in our Daily Updates.

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## State Budget Deliberations Begin

Yesterday, both the Senate Budget and Appropriations Committee and the Assembly Budget Committee began their review of Governor Murphy's proposed State Budget for FY '21. That budget needs to be enacted by the end of this month, and it will govern State spending through June 30, 2021.

As is always the case, the Committees' deliberations begin with the non-partisan Office of Legislative Services (OLS) presenting its revenue estimates for the year. OLS projects stronger revenue collections (\$37.8 billion), than the Administration relied on in crafting the Governor's proposed budget (\$36.4 billion). Both projections assume that the Legislature will agree to the proposed borrowing and tax increases included in Governor Murphy's budget proposal.

State Treasurer Elizabeth Maher Muoio also appeared before both Committees, where she and her team explained the rationale for their revenue estimates, for the proposed borrowing and tax increases, and, in response to questions, for some items of spending included in the Governor's budget.


All revenue projections, like all budgets, are based on economic assumptions. Discussions between the OLS Revenue and Finance team and the State Treasurer could convince either, or both, to revise their estimates. In the meantime, State budget makers can, if they choose, base their considerations on the assumption that they have an

additional \$1.372 billion to work with using the OLS revenue projections.

This means that they could choose to reject one or more of the Governor's proposed revenue enhancements, or to appropriate additional funding to new or existing programs. They could also, and more likely, choose some combination of those two alternatives, along with some adjustments to the Administration's spending priorities.




We know that this year and next will be unusually difficult years for New Jersey municipalities. This is an unusually difficult budget year for the State, as well. We will advocate for increased municipal property tax relief funding, while we guard against any reductions from the levels included in Governor Murphy's proposal. And we will continue to keep you posted.

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