

February 19, 2016

**RE: Weekly Policy Update**

- I. Governor's State Budget Proposal**
  - II. A-184, Verizon v. Hopewell, Business Personal Property Tax Before Committee on Monday**
  - III. Updated Vegetative Management Regulations**
  - IV. New Jersey Future March 11 Redevelopment Forum**
- Dear Mayor:

Here is summary of some issues of interest to local governments.

**I. Governor's State Budget Proposal**

Earlier this week, Governor Christie highlighted components of his State Fiscal Year 2017 (SFY '17) Budget proposal. Noting that the proposal would give New Jersey a balanced budget without any new taxes, the Governor spoke of the "two key principles" undergirding his proposal: fiscal restraint and a willingness to pursue "hard reforms" to build a stronger economy and to make the State a better place to live.

In his address the Governor downplayed concerns of the need for a Transportation Trust Fund reauthorization and proposed reforms to State Health Benefit Plan to use savings to increase the State's public employee pension payments. Once again, some local Energy Tax Receipts funding will be redirected to cover unspecified State priorities.

In addition, Department of Community Affairs (DCA) Commissioner Chuck Richman advised us that the budget proposal would provide flat funding (\$1.4 billion) in combined Energy Tax Receipts and Consolidated Municipal Property Tax Relief Aid (ETR/CMPTRA) to each municipality. Commissioner Richman also advised that Transitional Aid funding would hold level at \$107 million. The Governor also proposes level funding for Open Space Payments in Lieu of Taxes (\$6.5 million) and The Highlands Protection Fund (\$4.4 million). Direct relief to property taxpayers through Homestead Relief, Senior, Disabled and Veterans' Property Tax deductions and the Property Tax Deduction Act would be funded at \$1 billion.

The Division of Local Government Services is expected to certify State property relief revenue figures (Energy Tax, CMPTRA, Open Space and Highlands PILOT programs) for each municipality, early next week. Those figures can, then, be used in preparing your annual budgets.

For additional information on the Governor's Budget proposal please [click here](#)

**Contact:** Jon Moran, 609-695-3481 ext. 121 or [jmoran@njslom.org](mailto:jmoran@njslom.org)

**II. A-184, Verizon v. Borough of Hopewell, Business Personal Property Tax Before Committee on Monday**

[A-184](#), introduced by Assemblymen Caputo, Gusciora, Danielsens and Assemblywoman DeCroce to protect taxpayers, and to provide clear direction to the courts regarding the legislature's intent for laws regarding State taxation of telecommunications providers is before the Assembly Telecommunications Committee on Monday. The League enthusiastically **supports** A-184, which would clarify the responsibility of certain telecommunications corporations to continue to remit Business Personal Property Tax (BPPT) payments to municipalities.

At present, up to 150 municipalities know they enter 2016 without Business Personal Property Tax (BPPT) revenues, a loss that will cost property taxpayers well in excess of \$8 million. Unless the existing law is clarified, more municipalities will lose more millions in the future.

A pending tax court case Verizon v. Borough of Hopewell, looms large with regards to these revenues. At issue in the case is Verizon's claimed exemption from the BPPT in any municipality where the corporation unilaterally determines, in any given year, that it no longer supplies dial tone and access to at least 51% of a local telephone exchange. Verizon's claim had been rejected by the Mercer County Board of Taxation in 2009. The Tax Court reversed that ruling and allowed Verizon to claim the exemption. On an interlocutory appeal, the Appellate decision declined to review. This matter is still pending before the tax court with the League participating as *amicus curiae*.

**Please contact your Assembly Representatives and urge them to support A-184.**

**Contact:** Jon Moran, 609-695-3481 ext. 121 or [jmoran@njslom.org](mailto:jmoran@njslom.org)

### **III. Updated Vegetative Management Regulations**

Municipalities should be aware of updated [regulations](#) promulgated by the Board of Public Utilities regarding the performance of vegetation management by Electric Distribution Companies, i.e. electric utilities. The League Vegetative Management task force, led by Past President and East Windsor Mayor Janice Mironov, assured the municipal perspective was considered throughout regulatory update. These new regulations require a more thorough and complete vegetation management process. The ultimate goal of these regulations is a more reliable electrical grid as a result of enhanced vegetation management. For more information please see our [February 18 letter](#).

**Contact:** Ed Purcell, 609-695-3481 ext. 137 or [epurcell@njslom.org](mailto:epurcell@njslom.org)

### **IV. New Jersey Future March 11 Redevelopment Forum**

New Jersey Future's annual Redevelopment Forum attracts more than 500 attendees. New Jersey State Senator Stephen Sweeney will be the breakfast speaker and Gabe Klein, former director of the Chicago Department of Transportation, will be the keynote luncheon speaker. For more information about the sessions and speakers, view the agenda.

Sincerely,

Michael J. Darcy, CAE Executive  
Director