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**February 26, 2020**

**Governor Murphy Proposes Next State Budget. Here's What We Now Know.**

Yesterday, Governor Murphy proposed a \$40.85 billion budget, to govern state spending through the State's next (FY 2021) Fiscal Year. The proposal promises to reduce the diversion of funding from both the Clean Energy Fund and the 9-1-1 System and Emergency Response Fund. It also offers local employee and retiree health benefits savings.

Combined Energy Tax Receipts Property Tax Relief (ETR) and Consolidated Municipal Property Tax Relief Aid (COMPTRA) will, once again, be level funded at \$1.4 billion. You can anticipate the same amount as you received for your last budget. We will, again, ask the Legislature to begin to restore the over \$320 million, which the State has used, year after year, since the beginning of the Great Recession, to address other priorities. These funds are supposed to be distributed to local budgets, for municipal property tax relief.

As was the case last year, but not the usual practice in prior years, the Affordable Housing Trust Fund will not be raided. This will make \$60 million available to address affordable housing needs, Statewide.

The Local Efficiency Achievement Program (LEAP), which seeks to encourage shared services, will be level funded at \$10 million.

Transitional Aid will be level funded at \$114.6 million.

The Highlands Protection Fund will be level funded at \$4.4 million.

The Open Space Payments in Lieu of Taxes program, which compensates Pinelands municipalities for preserved acreage removed from the tax rolls, will be restored to the level it was at, prior to 2010—an increase of \$3.5 million, from \$6.5 million to \$10 million.

Meadowlands Tax Sharing Payments (\$4 million, in past years) is, again, slated for elimination. In the past, proposals to eliminate this funding have been rejected by the Legislature, and the funding has been provided. We will ask the Legislature to restore these dollars.

The State's anti-opioid epidemic programs—30 programs housed in eight different agencies—will share increased support, which will bring the State's total commitment to \$100 million.

As the State begins to end the diversion of dollars from the dedicated 9-1-1 System and Emergency Response Fund, \$5 million will be made available for Public Safety Answering Point (PSAP) upgrades and the consolidation of emergency dispatch services.

State priorities that can look forward to major increased investments include: Education (increases of \$336.5 million for K-12, \$83 million for pre-K, and \$50 million in district stabilization aid); pension funding (a \$1.1 billion increase, bringing the annual payments up to \$4.6 billion); and NJ Transit (a \$585.5 million subsidy).

Our analysis will continue and we will share more details on more items, as they are made available to us, by the Department of Community Affairs and by the Office of Management and Budget, in the Treasury Department.

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