

## Towns in the Highlands could be hurt by state budget cuts

Wednesday, February 24, 2010

BY SCOTT FALLON

### **The Record**

STAFF WRITER

Towns in the Highlands region that can no longer develop large tracts of vacant land to help their tax base could lose \$13.2 million in property tax relief under Governor Christie's budget cuts.

It is one of two major funds that Christie said he will take from the Highlands Council to help offset the state's \$2.2 billion budget deficit, but it may have the most impact. Towns like West Milford and Ringwood, both of which are located entirely in the Highlands' most restrictive area for development, could face budget shortfalls without the fund.

"This doesn't rectify the problems of the Highlands, it exacerbates them," West Milford Mayor Bettina Bieri said.

Christie has also proposed to capture \$18 million from a Highlands fund that awards grants to towns to redraw their own zoning documents. The money pays for planners to help towns conform with the council's regional master plan, which determines, among other things, what areas are protected and what areas can be developed. The impact may not be felt as hard as the tax relief fund since the council has already awarded grants to 74 of the 88 towns in the Highlands region.

"It's a significant amount, but you still need planning to achieve the goals," said Eileen Swan, director of the Highlands Council. "What you want to do is stop the trend, which is sprawl. Determine the development capacity of the region, develop areas already disturbed and protect the open land."

Christie's allies have come down hard on the Highlands Council, calling it "a disaster on multiple levels" in a transition report. The report said that if the council was eliminated, the environmental protections granted to New Jersey's biggest water-generating region under the 2004 Highlands Act would still be in place.

That doesn't seem to be on Christie's immediate agenda. He proposed to cut only \$88,000 from the council's \$2.3 million operating budget. No layoffs of the 23-person staff are expected, Swan said.

The capture of the two Highlands funds are a small part of an effort to curb spending in order to get the state back to financial stability, Christie has said.

"Where we found lapsed balances and surpluses, we had to take them, and there was a sizeable balance in that fund that had grown for several years," said Michael Drewniak, Christie's spokesman. "All future funding will be considered as we get through our budget and fiscal crisis. Until then, the pain is being shared by just about everyone."

More than 40 environmental groups have written to Christie urging him to forgo the cuts.

**"On the one hand [Christie] says he understands the importance of protecting the state's water supply, but then on the other, he strips the council of the funds towns need to plan to protect Highlands waters," said Julia Somers, head of the New Jersey Highlands Coalition advocacy group.**

The 2004 Highlands Act created the Municipal Property Tax Stabilization Fund to allow towns to offset the loss of property taxes when land values decrease because the property can no longer be developed.

The idea was a property owner who felt his land was devalued by the Highlands protections would appeal his taxes to a county tax board. If the tax board ruled that the property should pay lower property taxes, the municipality could then ask the three-person Highlands board for money to offset the loss.

The money came from state fees on real estate sales. A board of three people chosen by the governor determines what, if any, payments should be made to a town.

The board has been operating since 2005, but has only given out a fraction of the \$13.2 million. About \$100,000 was given out in 2009 to five or six towns, said Carl Richko, a former West Milford mayor who was an original member of the board.

"The thought was that a lot more [money] would be given out in the future," he said. "There would be an increase in the number of requests from towns as property owners appeal" their property taxes.

Christie's proposal effectively eliminates that. With no funding mechanism, like a much-debated water tax for Highlands towns, environmentalists and some officials have likened the cuts to an unfunded mandate from Trenton.

"I think that particular action contradicts the goals of the governor," Bieri said. "It was previously an underfunded mandate. It was not sufficient. By taking this action you're making a fully unfunded mandate."