

The Highlands Act and your Property Taxes

By Mayor Eric Wilsusen

I need to have a frank conversation with our taxpayers and the citizens of Jefferson Township. This year is the 20th anniversary of the Highlands Water Protection and Planning Act, commonly known as the Highlands Act, enacted in 2004 by the State of New Jersey. For those who remember or were paying attention at the time, the law was enacted pretty quickly for an act of this significance. A swath of area from the New York border in Vernon to the Delaware River in Holland Township was carved out, and much of the land in this area was placed either in a planning area or a preservation area, which severely limited development. That sounded great at the time. Who would not be for clean water and limited development?

First, Jefferson Township did not need this legislation. Of the 42 square miles or 27,000 acres that make up our community, nearly half our land area was already in a preservation area. The City of Newark (watershed) holds 4,400 acres, the County of Morris holds 3,500 acres, the State of New Jersey/NJ DEP/Green Acres and wildlife preserve areas hold 4,700 acres, and the Township also purchased or obtained hundreds of acres for preservation over the years. Then, once the Highlands Act was enacted, 88% of our entire Township was placed in a preservation limited-development area.

Well, let me explain how this single legislation has impacted our community. I will talk briefly to our schools first. So, for those who were here before 2004, remember the school system was building additions to the schools. They were busting at the seams. The town was growing leaps and bounds. Now, 20 years later, enrollment has crashed, Milton school was closed a few years ago, and Briggs and Cozy would have been closed if not for a grant for a preschool program. Our enrollment is down, which affects our State School funding, and we have lost \$45 million to date.

How has it affected our community and your municipal government? Our population actually decreased in the last census. If you own any large tract of land in the preservation area, it is worth much less today than in 2004, and there isn't much you can do with it. If you own a one-acre parcel, you can build one single-family home. If you own 100 acres, you can build one single-family home. No commercial buildings can be built in the preservation area. This act has crushed our ability as a municipality to generate new ratables, especially commercial buildings, which are the best form of new revenue or ratables.

Have you traveled to other towns and communities and seen new developments and commercial properties being built? I do, and it ticks me off because other communities not in a preservation area have no such restrictions and can attract new business and add new ratables to offset any potential tax increases. To say the least, I am incredibly frustrated. While I am not for paving over the entire community, smart growth, especially commercial growth, is essential for any town to survive financially.

Each year since taking office, my administration begins the budget process in an approximately \$1 million deficit based on uncontrolled expenses, contractual salaries, pension & benefits, insurance costs that increase each year, and, let's not forget, inflation. Those fixed costs increase with no new or minuscule new ratables to offset in some way. Next, in 2010, the City of Newark Watershed properties, one of our largest property owners and taxpayers, filed for a tax appeal. It made it through the courts, and we were ordered to reduce their overall assessment. A settlement was reached, and not only did we have to reduce the property assessment on their 4,400 acres, but we also had to refund \$800K! Thankfully, funds were being put aside in anticipation of paying some of the refund in 2023. In this year's budget and next year, an additional \$220K must be budgeted to refund the remaining amount to the City of Newark. Who makes up that difference? The other taxpayers do. Recently, it came to my attention that New Jersey has a Disabled Veterans Tax Exemption program; 100% permanently and totally disabled active-duty veterans or the un-remarried surviving spouses of such disabled active-duty veterans are granted a full property tax exemption on their dwelling and property on which it is situated. Let me be clear: I am all for assisting our veterans who served our Country and became disabled as a result. They deserve all the benefits that they can get. However, in this State program, we are obligated to provide this benefit, and the State does not reimburse for it as they do for other Veteran Tax Programs. For 2024, in Jefferson, there is a value of \$500K in exempt properties based on this unfunded legislation.

Our State aid has been consistently reduced or at the same level for years. Last year it increased slightly but is expected to return to previous levels. This is a joke as it is not actually State aid; it is the money owed to the municipality for an energy receipt tax. The host municipalities collected taxes on public land used by gas and electric utilities until the State came in and made itself the collection agent, redistributing a portion of the funds back to the municipalities. The NJ Conference of Mayors has been fighting this vigorously over the last year.



All of the above has created the perfect storm for us as property owners and taxpayers. Add in the over-inflated real estate market that your property assessment is based on; how does a simple 2-bed room home cost \$500K! Great if you are selling a home, bad if you want to stay in or buy a new home. I hate to say this as a taxpayer myself, but it is all adding up and has put your municipal government and board of education in a position where yearly property tax increases are here to stay with no end in sight. Our operating budget has been cut to the bone, and our staff has been leaned out over the years. Any further cuts will now directly affect valuable services to our community.

The Highlands Act has indeed had the most significant impact on the Township of Jefferson over the last 20 years. Along with West Milford, which is 100% in the Highlands Preservation area, we have been meeting and discussing our options with Senator Anthony Bucco going forward. It is the State of New Jersey that has put us in this position, and it is my position that it is the State that needs to provide us with some relief or allow us some smart growth areas in existing commercial areas. Unless something changes in Trenton, I am not very optimistic, but I must make every effort for our future.

My administration has commissioned an economic development study with our Township Planner, Jessica Caldwell, ironically funded through a Highlands Council grant. Upon becoming Mayor, I formed our Economic Development Committee, working with our Chamber of Commerce to assist our business community and to help create a more business-friendly atmosphere to attract new businesses and support existing ones. I also formed a trail committee to help promote eco-tourism. All these efforts are slowly paying off, but it won't be nearly enough. We are always in search of new revenue streams.

The Township Council opted in last year to allow limited cannabis sales and other permitted uses under the law, in which we will receive continuing tax revenue. Most who know my background know I was not a big fan of legalizing cannabis. Given our financial situation, I had to cede to bring in a new revenue source that is desperately needed. We will likely see next year what impact this might have on new revenues. One of the last significant new commercial ratable we will see is a new luxury apartment at Hellers Lane & Route 15. If sewers do become a reality for Lake Hopatcong, it could certainly be a big help on the Route 15 business corridor for economic development and redevelopment. However, a potential sewer project is still many years off should the \$90 million in federal funding come through.

I know taxes, and, in particular, property tax increases, are always controversial and sensitive subjects. I hear it all the time. I hope this information provides our citizens, residents, and taxpayers with what your municipal government is up against. My administration and I know our Town Council will continue to do all we can to reduce that impact.
