From the Mayor's Desk
January 26, 2014

As a resident of Lebanon Township you may have read in today's Hunterdon Democrat Sunday edition, the article written by Warren Cooper, "Fire at Lebanon Township power plant has officials worried that taxes will double when it closes". Although misleading, the discussion evolved around the municipal portion of your tax bill. I will admit that my comment of taxes doubling was neither correct nor the right response. However the truth beneath the story is where my focus lies.

In the article there is mention of energy receipts tax. This tax, in its original conception, was made up of two components. One was called a franchise tax and the other Public utilities gross receipt tax. Both put into legislation by the state of New Jersey in the early 1900's.

The history of public utility/energy taxes is clear. These taxes were imposed to compensate municipalities for the benefits that the utilities derived from their use of the public's right of way. In lieu of other taxes, the proceeds are supposed to flow into municipal budgets to reduce the amounts that would need to be raised through property taxation. This is not "aid" provided by the "state". It is, or at least it is meant to be, just compensation provided by certain utilities to municipal property taxpayers for the economic benefits that those utilities derive from the use of public rights of way. (NJLM 2012)

Originally, municipalities and the utility company worked together with a relationship of tax assessment and tax collection directly by the township. The tax was intentionally designed to be collected at the local level and used for local purposes. This tax was one of three main funding sources to help funding at the local level. This funding has been spoken of as "a three legged stool" engaging energy tax, property tax and other fees, all collected to help fund the services provided at the municipal level.

This process continued up until 1968 when the state became the collection agency. When the state assumed collection, it then also pledged to return the revenues to local governments. At first an administrative fee was applied fairly. Then a change in the language, tied to the repurposing, to adjust to limitation within the state budget. The proverbial door had been opened.

My point here is that one leg of the three legged stool has been compromised by the state's ability to continue to use municipal compensation as its own source of funding. We as a township, provide the services, as do other municipalities, and the repurposing of the energy receipts tax has become less. One can further make the case that for the failure at the state level to cut spending, their problems have become ours.

Going forward, if and when the power plant closes there may well be an adjustment of some nature related to our just compensation derived from our portion of the Energy Tax Receipts.

The privately held power plant as of 2012 was 100% owned by NRG Energy Inc. located at 211 Carnegie Center, Princeton, N.J. 08540; 609-524-4500 or nrgenergy.com There are currently two facilities owned by NRG in Hunterdon County (Gilbert Station) Milford interestingly coal fired and the Glen Gardner unmanned plant with direction coming from the Gilbert station. Transmission lines go from Gilbert to Glen Gardner to Chester and Chester to Wharton.

Respectively
Thomas McKee

FROM THE MAYOR'S DESK

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