



July 1, 2020

Dear Harding Resident:

As we approach Independence Day, I would like to give you an update on our COVID-19 and Municipal estimated tax bills.

The State has begun loosening some of the restrictions that have bound us all. Small groups can now gather, outdoor dining is permitted, worship services are now permitted, limited retail operations are permitted, shopping malls can open, and personal services are allowed with restrictions. Sports leagues and other recreation are opening up. Inside dining was to open on July 3 but the governor changed his mind and that is back to being indefinitely suspended. We continue to be focused on the full range of the executive orders and the impact on our town and residents. We advocate for fewer restrictions and greater personal freedom at every opportunity.

The healthcare system is slowly righting itself so if you have deferred necessary medical care please contact your physicians to begin scheduling that care. As of today, there are fewer than 10 COVID patients at Morristown Hospital.

We are planning for a limited opening of Town Hall on July 14, 2020, at which time all of our town staff will begin working full time in the building. I am proud to note that unlike many towns near us and around the State, Harding Township government never closed, never stopped working, and never furloughed any employees. Our staff continued to work full-time, sometimes from home and sometimes from the office. Our Police Department worked at full strength. Due to the foresight and organization of our Township Administrator, Bob Falzarano, we experienced no business interruption. Our volunteer boards are back at work with busy agendas and managing to meet via Zoom and GoToMeetings, etc. All of this is a testament to the hard work and dedication of all involved. Conducting virtual meetings that meet all of the requirements of the Open Public Meetings Act has been exceptionally challenging for our staff but they have done an excellent job. We appreciate the patience of our residents through the technical challenges we have faced.

Our first responders have done an exceptionally excellent job through this hard time. The First Aid Squad and Fire Department responded to every call and met every need. We will forever be grateful for their work and perseverance. The Harding Police Department supported our volunteers and continued doing their good work to keep everyone in Harding safe.

Estimated third quarter tax payments have been mailed and many of you have reached out with questions. I would like to first apologize that an explanation of the tax bill was not included with the mailing since this tax bill is unlike others you have received. The tax bill you received includes the municipal, county, and school taxes and all three are estimates. The tax bill breaks down like this: 25.6% of taxes billed are for the county, 45.9% for the Harding school, 25% for municipal operations, and 3.5% for Harding's open space tax. Because it is an estimate, do not multiply it by four to derive an annual tax amount.

Here is the background and an explanation of how the municipal tax estimate was calculated. I cannot speak to how the school and county prepared their estimates. The Township Committee adopted the 2020 budget earlier this year. That budget is \$9,320,314, which represents an increase over the 2019 budget of \$104,216 or 1.1%, among the smallest annual spending increases in our town's history. The annual budget is funded by two tax sources: property taxes (annual collection and the use of municipal surplus) and Energy Tax Receipts and our annual surplus. Harding receives **NO** State aid. We all know what property taxes are. The surplus is the amount carried from year to year and for both 2019 and 2020 was \$2,100,000. (This is a concept unique to NJ municipal accounting.) Energy Tax Receipts (ETR) are the State-imposed taxes on utility bills. Historically, the State's role regarding ETR was to solely act as collection agent – the State collected the taxes and sent it to the municipality. In recent years, the State began skimming off a portion of the taxes they collected, remitting a smaller amount to municipalities. The amount the State skims off and keeps for itself is unknown from year-to-year until the State approves its annual budget. In 2019 the amount of those taxes remitted to Harding was \$454,168. The approved 2020 budget assumed the same amount. The tax rate is determined by dividing the amount of taxes the Township must collect by the total assessed value of the town. Following the recent re-evaluation, the town's total assessed value was determined to be \$2,118,202,974, an increase of 5.64% over the 2019 assessed value of \$2,005,044,756. The 2020 *municipal tax rate* is .278 versus the 2019 municipal tax rate of .288 or a *decrease* of 3.50%. The amount of municipal taxes you pay is determined by multiplying the municipal rate by your property assessment. The re-evaluation may have resulted in your assessment going up or your assessment going down. So while the tax *rate* decreased your *tax bill* may increase if your assessment increased. Once Harding sets its tax rate, our tax file is sent to the County and State for certification. After certification, the Township can prepare final tax bills.

In recent years the State has been slow to certify taxes, generally missing the legal deadline, but this year the State has done nothing to certify our tax rate. Since the State has not adopted a budget, it has not determined how large its skim of the Energy Tax Receipts will be and for towns which receive State aid how much that aid will be. We do not expect the State to finalize a budget and certify our tax rate until later this year, likely September or October. Hence, the State required us to prepare an estimated tax bill that is higher than what we expect the final tax bill to be. As I noted above, the final tax bill cannot be determined until the State passes a budget. Here are some of the primary questions that have been asked in the last couple of days:

1. What is the amount of tax that I should pay for the third quarter?

The stub on the estimated bill is only for the third quarter. This is the amount to be paid.

2. What is the date my third quarter tax payment is due?

August 1, 2020 with a grace period to August 10. This is also shown on the stub.

3. Is there a tax holiday?

No

4. When will I receive the final tax bill?

When the State passes a budget and certifies our tax rate, September or October, the final bill will be prepared and residents will receive the fourth quarter of 2020 and the first and second quarters of 2021.

5. When I or my bank pay the estimated tax bill amount, will a refund be sent or will the difference be applied to the next quarter?

The fourth quarter bill will reflect the actual taxes certified by the State for Harding, the school, and Morris County. The payments made for the third quarter will be applied and any difference will be the fourth quarter tax that is due.

I hope this clarifies the tax bill and explains one of the effects that COVID-19 has had on Harding and other towns. Please call the Finance Department in Town Hall if you have any further questions.

As we celebrate Independence Day, let us pause to remember the many blessings we enjoy as Americans. There is much that divides our country and citizens. The upheaval around us makes us uneasy. But we can treasure the knowledge that no matter what divides us there is more that should unite us. We remain the most free and prosperous people in the history of the world. We enjoy the blessings of that liberty and freedom every day. As we remember that day 244 years ago when our founders directed that the Declaration of Independence be read aloud on every town square in the country and published in every newspaper, let us greet each other with a firm commitment to our shared American ideals and experience.

We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.--That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed.

Happy Independence Day to everyone.

Sincerely,

Christopher M. Yates

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