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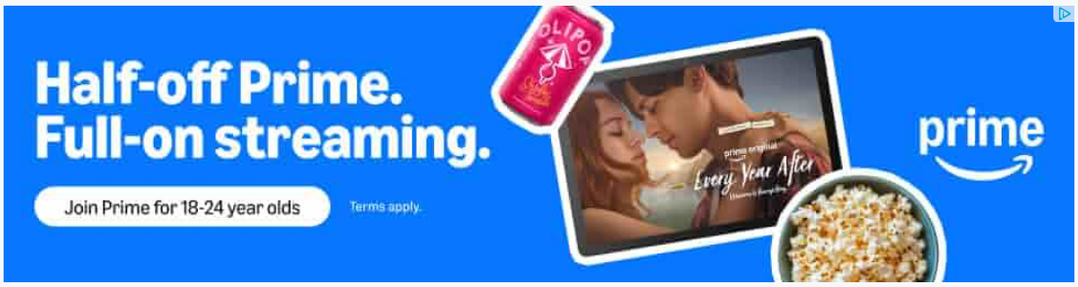


ENVIRONMENT

# NJ Highlands towns pay a steep price to protect the water you drink

William Westhoven
Morristown Daily Record

Aug. 19, 2026, 4:31 a.m. ET

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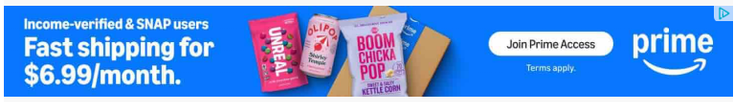


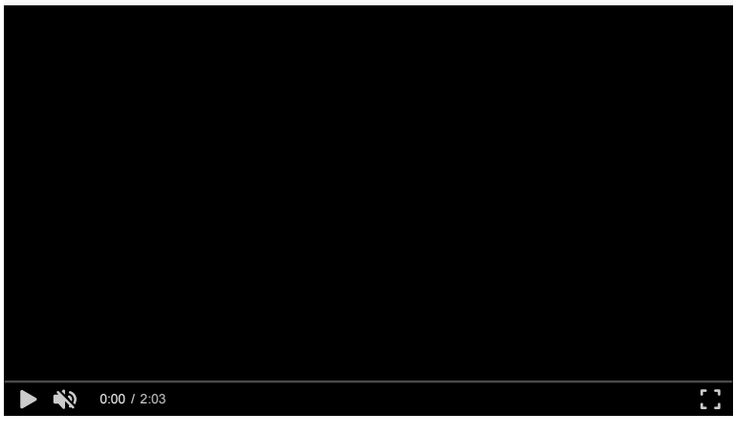


**NJ law protected drinking water for 20 years. Now its created a crisis**

Budget shortfalls are expected to grow as an aging NJ environmental protection law limits municipalities' ability to grow tax base.

No one objects to the essential purpose of New Jersey's Highlands Water Protection and Planning Act.

But for a distinct minority of Garden State towns, the landmark law to protect drinking water for almost 7 million people is drying out their financial resources and jeopardizing the fiscal future of their school systems.

"We want to preserve water and resources," said Eric Wilsusen, mayor of Jefferson, an expansive rural township in the Highlands that also includes portions of Lake Hopatcong, New Jersey's largest lake and a popular recreation destination. "We're all for that. I grew up here. This is my playground. But we're definitely taking the burden for preserving those resources for the rest of New Jersey. And it's just, it's really not fair."

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The Highlands Act, approved in 2004 and signed into law by Gov. Jim McGreevey, imposes strict development limits and other restrictions in the region, which cuts through 88 towns across Bergen, Hunterdon, Morris, Passaic, Somerset, Sussex and Warren counties.

"It's the place where New Jersey's densely populated urban corridor gets its water," said Ben Spinelli, executive director of the state-appointed Highlands Council. "Every day, over 860 million gallons of water are exported out of the region to other parts of the state. There are 332 of the state's 564 municipalities on the receiving end of that pipeline."

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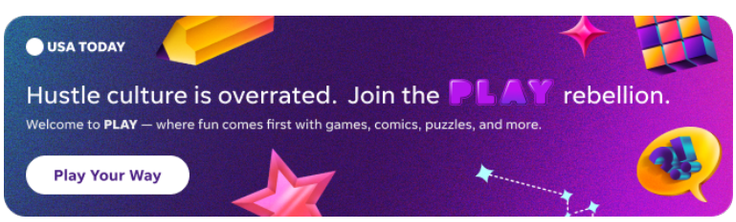
While some environmentalists argue it does not do enough to protect these critical acres, supporters say the Highlands Act – and the state council appointed to enforce it – has successfully preserved critical water supplies and vast regions of biodiverse land from falling to the bulldozers.

"Hamburg Mountain, Sterling Forest, Sparta Mountain, Schooley's Mountain, Pyramid Mountain, Musconetcong Mountain, Wildcat Ridge," Michele Byers, then-executive director of the New Jersey Conservation Foundation, said in 2020, checking off some of the wins.

"In many ways, the Highlands are New Jersey's Yellowstone and Yosemite – a natural treasure that belongs to all of us," Jeff Tittel, retired director of the New Jersey Sierra Club, wrote in a widely distributed op-ed. "In fact, the Highlands receive more visitors each year than those two parks combined."

Aug 5, 2026; Wanaque, NJ, USA; Wanaque Reservoir. *Michael Karas/NorthJersey.com*




There's a downside as well, one that has been simmering for years, and came to a boil this year as what is known as the "One-Way Benefit" of the Highlands Act has painted some of the Highlands towns – and school districts – into an increasingly desperate financial corner.

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Municipal officials like Wilsusen say the Highlands development restrictions impede residential and commercial growth and the tax ratables they need to keep up with rising costs.

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"I call the Highlands Act a death by a thousand cuts, because that's what's happening to us," Wilsusen said. "We are beyond crisis mode."

"The law was built on a promise to the people and municipalities of the Highlands," Tittel wrote. "The state pledged that it would provide the funding, planning assistance, and economic support needed to protect the region without unfairly burdening the towns that live there. The act was meant to balance environmental protection with fairness for local governments, landowners and businesses."

"Unfortunately, that promise has never been fully kept," Tittel said.

Spinelli, the former mayor of Chester Township, agrees.

"This is an issue that has existed since the inception of the Highlands Act but has become a matter of public discussion in the past year," he wrote in the council's June newsletter. "The attention that has been drawn to difficulties our municipalities face in this regard should be seen as a call to action."

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In the aftermath of the legislation, which Wilsusen described as "rushed" and "too broadly written," discussions centered on ways to compensate the Highlands towns for the economic losses.

"They talked about water user fees, they talked about real estate transfer fees, but it didn't go very far," Wilsusen said. "Our costs go up every year, uncontrolled costs like health care, pension and benefits, and there's no way to offset it. All we get is a pittance."

***The story continues below the gallery.***

**Highlands Natural Pool in Ringwood**

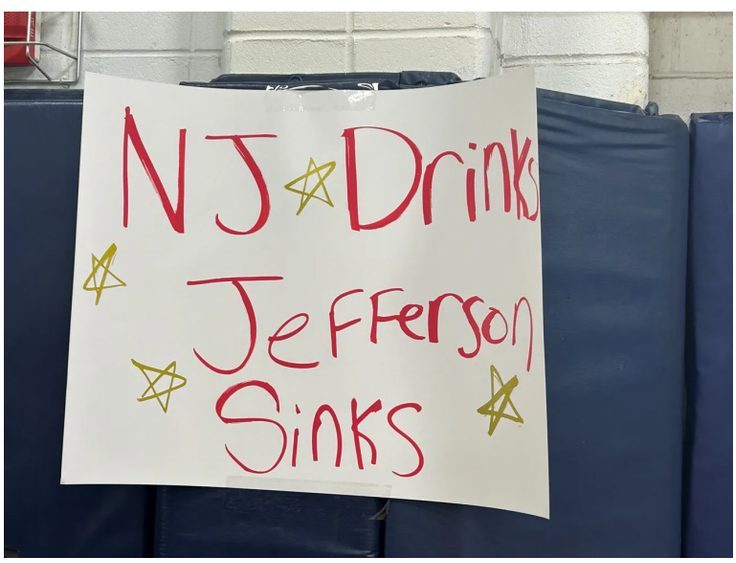
Dug from a steam bed in the 1930s, the Highlands Natural Pool in Ringwood, N.J. opens each summer for paying visitors and members.

Michele Dale, mayor of West Milford, another rural Highlands township, notes the Highlands Act itself "recognizes that municipalities impacted by these development restrictions should be compensated."

"The state asked communities like ours to make extraordinary sacrifices for the public good," she said. "That is a reasonable public policy choice, but the state also promised that municipalities bearing those restrictions would receive financial support. That promise has never been fully kept."

## Highlands schools and S2 state funding

School officials also decry the resulting loss of students in the district, and financial aid cuts dictated by the state's S2 funding formula when enrollment decreases. To date, Jefferson has lost $45 million in state funding under S2, then-district Superintendent Jeanne Howe said during budget discussions in the spring.




A rally was held at Jefferson Township High School to urge Trenton to grant impact aid to a school system facing a $4.8 million deficit, which they blame on the state funding formula and development restrictions due in the Highlands Region. *William Westhoven/Daily Record*

Sounding an alarm to the entire region, Howe referred to Jefferson as "something of a canary in a coal mine."

"What we're experiencing right now – budget pressures, funding challenges and difficult choices – is not just a Jefferson issue," she said. "What happens here today will eventually happen in other Highlands districts tomorrow."

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Other schools and towns in the region – including Wharton, Ringwood and Vernon Township – have also taken up the call for more aid. So have community groups such as "Highlands Impact Aid Now!," which organized a multitown rally for the cause at Jefferson High School in March.

"New Jersey drinks, Jefferson sinks," read one sign held by a student at the rally.

"We face some of the highest property tax efforts in the state, yet our schools are forced to cut staff, increase class sizes, and eliminate essential programs," administrator Sara Fasano wrote. "We are demanding Highlands Impact Aid — state funding to compensate our communities for the immense economic burden of being NJ's environmental stewards."

***The story continues below the graphic.***

## NJ's Highlands at a glance

Below is a statistical view of the financial impact of New Jersey Highlands restrictions.

**564**
towns in New Jersey.

**99**
towns in the Highlands Region.

**9.5 million**
New Jersey's population in 2025.

**850,000**
Highlands population in 2025.

**8,723**
square miles make up New Jersey.

**1,300~**
square miles in Highlands region. (860,000 acres)

**230 acres**
of Highlands Region still subject to development.

**750 billion**
Annual estimate in gallons of water exported from the Highlands.

**784.9 billion**
Annual estimate of the permitted safe yield of New Jersey reservoirs in gallons.

**22 reservoirs**
in New Jersey.

**6 - 7 million**
state residents receive water from the Highlands.

**18 million**
Number of visitors to the Highlands Region.

**$47 ($94 proposed)**
State moratorium aid for Highlands property, annually, per acre.

**$1.8 million**
Highlands Council reimbursements to Highlands communities. (2025)

**$1.7 million**
Highlands Council grant awards to Highlands communities. (2025)

**$3.7 million**
Highlands Council operating revenue. (2025)

*Source: Department of Environmental Protection, Highlands Council*

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In the end, it was too late for the Jefferson district, which was forced to submit a deficit budget to the state for the 2026-27 school year, placing it at risk of having the district put under oversight by a state-appointed monitor or auditor.

In May, the district voted to close the gap by selling the Drummond Building, a former school converted for use as district offices. The district has closed similar shortfalls in recent years by closing Cozy Lake Elementary School and other properties.

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But the Drummond sale is considered a one-time profit that will not repeat in the future, so the revenue cannot be used to offset the current $2.9 million deficit. It will be allocated toward certain capital projects, chosen by each school.

"We are in uncharted territory," said Howe, who left her position at the end of the school year.

The West Milford district is also selling off assets to close its own budget gap. The Board of Education voted 5-3 on April 28 to close Paradise Knoll Elementary School for the 2026-27 school year. The decision follows the 2022 repurposing of Westbrook School and comes after weeks of public pushback from families who said the process moved too quickly.

“We have to close this building because it’s either a building or it’s people,” board member William Cytowicz said during an April 28 meeting.

West Milford’s state aid fell from $15 million in 2018-19 to $5.8 million for the 2025-26 school year. The district received a 6% increase in state aid this year, but the resolution said that amounted to $349,163, or $119 per student and 0.4% of the total operating budget.

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Vernon Mayor Anthony Rossi said the school cuts have not hurt his town quite as badly but that "we can't afford to continue this, especially with the rising cost of everything. That's why I jumped in here, to stand with our neighbors. Hopefully, they'll take us seriously."

## State pressed for dollars, solutions

Asked for comment on the multiple economic issues at play in the Highlands issues, Maggie Garbarino, deputy press secretary for Gov. Mikie

Sherrill, said, “The governor has been clear that there is still significant work ahead to modernize school funding, which is long overdue."

"This year’s proposed [state] budget delivers a record level of $12.4 billion in funding to support K-12 education while also taking important steps toward strengthening the school funding formula and ensuring resources are distributed fairly, effectively, and in a way that best supports students and taxpayers across all districts,” Garbarino said.

Splitrock Reservoir Loop *Provided By NY-NJ Trail Conference*

Legislators representing the Highlands region have pressed Trenton for answers, and have come away with some extra funding, But Highlands towns are still hamstrung by development restrictions, while many of the school districts say they are also shortchanged by the S2 funding formula they argue favors poor school districts in urban areas over the many wealthier suburban districts in the Highlands.

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State Sen. Anthony Bucco, who represents several Highlands towns in the 25th District, said funding mechanisms were put in place when the Highlands Act became law.

"Unfortunately, since 2011, that funding source, especially within the Highlands, has been taken from the budget and used for other reasons," said Bucco, R-Morris. "So while these municipalities are doing their job to protect the environment and our drinking water, unfortunately, they're getting nothing back in return. And it's having a spiraling impact."

Tittel said the trust began to unravel during Gov. Chris Christie's administration, when funding was cut, diverted or frozen.

"Unfortunately, the failure to restore those commitments continued under the Murphy administration and the Legislature," he said. "The result has been long-term damage not only to the Highlands region itself, but also to the communities that agreed to help protect it."

Even before he took office in 2010, Christie’s transition team wrote a report calling the Highlands Act “a disaster on multiple levels,” saying its provisions deprived landowners of their property rights and slowed economic growth.

***The story continues below the graphic.***

## NJ Highlands Water Protection and Planning Act Timeline

## 1992

- The U.S. Forest Service conducts a study of the New Jersey Highlands region. Another study is conducted in 2002.

## 2004

- Then-Gov. James McGreevey appoints a Highlands Task Force.
- **May 3**: Assemblyman John McKeon introduces the Highlands Water Protection and Planning Act bill (A2635) to curb rapid suburban sprawl threatening vital watersheds.
- **June 10**: The state Legislature officially passes the bill. The Senate vote was 39-2. The Assembly vote was 69-10.
- **Aug. 10**: McGreevey signs the act into law at the Wanaque Reservoir Dam, dividing the region into preservation and planning areas.
- **Nov. 30**: President George W. Bush signs the companion federal Highlands Conservation Act to authorize multistate regional funding.

## 2008

- **July 17**: The Highlands Council formally approves the Regional Master Plan.
- **Sept. 8**: The Regional Master Plan officially takes effect after gubernatorial review.

## 2009 - 2015

- **2009-2015**: The state enacts various statutory amendments, including solar panel exemptions and extensions for specialized agricultural and Green Acres appraisal processes.
- **2010**: Gov. Chris Christie, a vocal critic of the restrictions imposed by the Highlands Act, begins to cut funding to the Highlands Council. Christie also appointed new members to the council who conservationists said would weaken enforcement of the regional master plan.
- **2014**: Voters approve a state constitutional amendment to dedicate 6% of corporate business tax revenues to open space, farmland and historic preservation. The tax allocation is in effect from 2016 to 2045.
- **2018**: Gov. Phil Murphy orders the Department of Environmental Protection to reverse Christie-era rules on septic density in the Highlands Region, once again limiting forested lots to one septic system per 88 acres and non-forested lots to one septic system per 25 acres. "These standards were weakened by the Christie administration in 2017, paving the way for more development that could threaten precious natural resources," Murphy said.

## 2024

- Adopted amendments to the state Fair Housing Act contain specific references to the Highlands Act and the Highlands Regional Plan. This inclusion recognizes "the difficult proposition of balancing the need to build new affordable housing in the state with the need to protect the vital resources of the Highlands."

## 2025

- Before leaving office, Murphy appoints new members to a depleted council, where the membership fell to as few as 10 of 15 allotted seats. For the first time in a decade, all seven counties in the region are represented.

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But thanks in part to an eight-year lobbying effort led by advocates including the Boonton-based nonprofit Highlands Coalition, both houses of the New Jersey Legislature voted to veto a decision by Christie's Highlands Council appointees that would have allowed developers to erect more than 1,100 homes and commercial buildings in the Highlands.

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Bucco and state Sen. Latham Tiver, R-Burlington, are the primary sponsors of a bill introduced in May that would provide additional school aid to certain school districts located in the Highlands or the Pine Barrens, where the Pinelands Protection Act in 1979 placed similar development restrictions on over 1.1 million acres in the environmentally unique region in South Jersey.

Assemblywoman Aura Dunn, also representing the 25th District, is backing a companion bill in the Assembly. She singled out several affected towns in both regions: Jefferson, West Milford and Ringwood in the Highlands, and Shamong, Plumsted, Jackson and Lacey in the Pinelands.

"These districts have done everything the state asks of them," Dunn said. "They budget responsibly. They operate transparently. They make painful decisions in public meetings, under the scrutiny of parents and taxpayers who care deeply about their schools. The least the state can do is treat them with the same honesty and fairness."

A rally was held at Jefferson Township High School to urge Trenton to grant impact aid to a school system facing a $4.8 million deficit, which they blame on the state funding formula and development restrictions due in the Highlands Region. *William Westhoven/Daily Record*

In June, Assemblywoman Marisa Sweeney announced she had secured an additional $250,000 in state funding for Jefferson and $317,000 for the West Milford school district.

"I fully understand this does not solve our funding challenges entirely, but I believe it is a meaningful step forward," said Sweeney, D-Morris. "Know that I am just getting started."

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"Having just completed the fiscal year 2027 budget, there should be ample time to propose and implement some type of relief for these municipalities before the 2028 budget is put in place," Spinelli wrote. "Broadening the eligibility criteria for Watershed Moratorium Aid and increasing the amount of that aid would go a long way toward both dealing with the very real fiscal effects of protection of the region's resources and building goodwill with the communities called upon to provide this vital service to the state."

Generated from realty transfer fees, Watershed Moratorium Aid is an annual allocation to the Highlands Protection Fund, a non-lapsing fund that supports preservation, planning and grants for open space protection.

Dunn's “Clean Water Promise” bill would double the per-acre aid rate for watershed moratorium offset aid and watershed property municipal aid to $94 from $47.

“The state must finally keep its promise to these towns and schools," Dunn said.

## Municipal coffers

While much of the recent spotlight has focused on school funding, Bucco said he's been meeting with Highlands mayors, including Wilsusen and Dale, to address the municipal side of the issue.

"We've met a couple of times to talk about the areas along major arteries that really have no business," Bucco said, mentioning the Route 15 corridor in Jefferson and Route 23 in West Milford. "These are areas that should see some development if you could get water or sewer lines extended."

"You have all this highway road frontage that can't be developed in any way, shape or form," Wilsusen said. "So we were looking for and hoping we'd get maybe some small growth areas. But that takes a little bit more finesse with legislation and things of that nature."

Dale added that even within the region, some towns are more constrained than others. "All of West Milford's 81 square miles are in the Act's preservation area," she said.

"The majority of Highlands municipalities have a mix of 50/50 preservation and planning areas, which allows for some level of responsible growth," she said. "West Milford does not. That distinction has had enormous economic consequences for our township."

Dale commissioned a Highlands Preservation Area Study Review for West Milford that identifies the areas officials feel could be developed without compromising water quality.

This study identified three "tiers" where sustainable economic development is possible without the limitations of Highlands regulations. Tier 1 (752.87 acres) includes parcels that would benefit the most from exclusion from Highlands regulations. Tier 2 parcels (752.47 acres) would see benefits from Highlands exclusion to a lesser extent. Tier 3 parcels (591.38 acres) would be appropriate for larger-scale uses such as athletic facilities.

"We cannot even put in a sports field, and when we finally find a way, the cost is 2.5 times the cost of the same field two towns over," Dale said. "Our residents shouldn't have to choose between preserving the environment and having a financially healthy community. We can and should have both."

## Solution from the north?

William Kibler, executive director of the Great Swamp Watershed Association and a member of the Highlands Council, grew up in New York's Adirondack region. The 6 million-acre Adirondack Park includes 2,800 lakes and ponds, morethan 1,500 miles of rivers and an estimated 30,000 miles of brooks and streams. Water from the Adirondacks also feeds other waters, including Lake Champlain, which provides water for 200,000 residents.

"The purity of this water is threatened by pollution, including untreated or partially treated sewage flowing from failing septic systems," the Adirondack Council wrote.

Billions of additional gallons are consumed by the many ski resorts, paper mills and fish hatcheries in the region.

***The story continues below the gallery.***

11 Photos VIEW GALLERY

**Photos: The Highlands Trail near Saffin Pond in Jefferson Township**

The Highlands Council is seeking to have the Highlands Trail fully mapped. The scenic trail runs through New Jersey's northwest.

New York's approach to preserving clean water includes about $150 million invested in water treatment and other infrastructure projects since 2015. Last year, Gov. Kathy Hochul allocated more than $153 million to help more than two dozen communities across New York State advance critical water and sewer infrastructure projects.

"That was a smart investment," Kibler said. "It's turned out to be brilliant."

In his 2025 Highlands Council report to the governor's office, Spinelli endorsed the idea of studying the New York model for New Jersey. Part of New York's conservation easement program offers landowners a 25% credit on school district, county, and town property taxes, up to $5,000 per year.

"They are not shortchanging the towns that are doing the hard work of protecting their water," Spinelli said.

He sees hope that Sherrill will take "a different approach" than her predecessors. "I think we're going to make some headway," Spinelli said. "She represented part of the Highlands in Congress. She's got an understanding of it.

Aug 5, 2026; Wanaque, NJ, USA; Wanaque Reservoir. *Michael Karas/NorthJersey.com*

In 2025, the Highlands Council provided more than $1.8 million to 26 municipalities in the region for completion of projects related to clean-water preservation and infrastructure projects.

"I think in a broad sense, to the extent that one of the major purposes of the act was to protect the resources in the Highlands and to protect the water by limiting development, I think it is doing its job," Kibler said. "But has the state valued those municipalities' contributions to protecting that clean water? I think the answer to that is no. I don't think they have."

## Highlands territory

The following municipalities are in the region regulated by the act:

## Bergen County

Mahwah and Oakland.

## Hunterdon County

Alexandria, Bethlehem, Bloomsbury, Califon, Clinton, Clinton Township, Glen Gardner, Hampton, High Bridge, Holland, Lebanon Township, Lebanon, Milford, Tewksbury, Union Township.

## Morris County

Boonton Township, Boonton, Butler, Chester Township, Chester, Denville, Dover, Hanover, Harding, Jefferson, Kinnelon, Mendham Township, Mendham, Mine Hill, Montville, Morris Plains, Morris Township, Morristown, Mount Arlington, Mount Olive, Mountain Lakes, Netcong, Parsippany-Troy Hills, Pequannock Township, Randolph, Riverdale, Rockaway Township, Rockaway and Roxbury.

## Passaic County

Bloomingdale, Pompton Lakes, Ringwood, Wanaque and West Milford.

## Somerset County

Bedminster, Bernards Township, Bernardsville, Far Hills, Peapack-Gladstone

## Sussex County

Byram Township, Franklin, Green, Hamburg, Hardyston, Hopatcong, Ogdensburg, Sparta, Stanhope, Vernon and White.

## Warren County

Allamuchy, Alpha, Belvidere, Franklin Township, Frelinghuysen, Greenwich, Hackettstown, Harmony, Hope, Independence, Liberty, Lopatcong, Mansfield, Oxford, Phillipsburg, Pohatcong, Washington Township and Washington.

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