

Lashway, Lisa

From: NJLM - Municipal Clerks [njlm-clerks@cityconnections.com]
Sent: Thursday, July 01, 2010 4:59 PM
To: Lashway, Lisa
Subject: From NJLM Governor addresses Special Session



Municipal Clerks for Mayors, Elected Officials and Staff



July 1, 2010

RE: Governor Opens Special Session
Speech Focused on Caps
Compromise Offered

Dear Mayor:

Governor Christie opened this year's Special Legislative Session with a speech to both Houses of the Legislature. The Governor focused on the issue of property tax caps. He indicated that he would not support the 2.9% statutory property tax levy cap, which has passed by both Houses.

As a compromise, Governor Christie has offered to support a 2.5% statutory cap, with an exclusion for the costs of currently existing collectively negotiated contracts, for the term of those contracts, and with exclusions for capital costs and debt service. The caps envisioned by the Governor could only be exceeded by a vote of the people.

This compromise would eliminate current levy cap exclusions for:

- increases in amounts required to be raised to replace State formula aid due to a reduction in State formula aid from the previous local budget year;
- any increase, greater than four percent, in the reserve for uncollected taxes that is required by law;
- increases in health care costs equal to that portion of the actual

increase in total health care costs for the budget year that is in excess of four percent of the total health care costs in the prior year, but is not in excess of the product of the total health care costs in the prior year and the average percentage increase of the State Health Benefits Program;

- increases in amounts for certain normal and accrued liability pension contributions in excess of four percent of the normal and accrued liability pension contributions in the prior year.

The Governor intends for the Legislature to continue to meet until property tax solutions are in place. He includes, among those solutions, the 33 initiatives of his 'toolkit.' Those items were discussed in our letter of May 10, which you can access at: <http://www.njslom.org/letters/ml051010-Toolkit-news.html>.

Our position on this compromise will mirror our position on that caps already offered by both the Governor and the Legislature. Those positions (See our letters of June 17 at <http://www.njslom.org/letters/ml061710-2-5-cap.html> and of June 25 at <http://www.njslom.org/letters/ml062510-2-9-cap.html>.) call for action on the caps as the final piece, not the centerpiece, of vital property tax relief initiatives.

Before ANY cap proposal advances, State policy makers need to advance management reforms and mandates relief initiatives that will allow municipalities to continue to deliver vital services and programs to their citizens and businesses.

The Assembly has scheduled hearings for tomorrow. We expect that the Senate may soon follow suit.

As the Governor said on Tuesday in South River, "It's not just the cap. It's the toolkit as well. Both must be done. One cannot be done without the other. If you do the toolkit without the cap, it renders the toolkit less effective. If you do the cap without the toolkit, it makes the cap unworkable. Both have to be done together."

Please contact your State Legislators and urge them to focus on the crucial toolkit reforms and mandates relief initiatives.

If you have any questions contact Jon Moran at 609-695-3481, ext. 121.

Very truly yours,

William G. Dressel, Jr.
Executive Director

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