

Lashway, Lisa

From: NJLM - Municipal Clerks [njlm-clerks@cityconnections.com]
Sent: Friday, July 02, 2010 3:09 PM
To: Lashway, Lisa
Subject: Special Session Update



Municipal Clerks for Mayors, Elected Officials and Staff



July 2, 2010

RE: Special Session Update

Dear Mayor:

At a hearing this morning in Trenton, the Senate Budget and Appropriations Committee focused on the schedule, process and procedures that the Senate will use to review new caps and other possible property tax relief reforms over the next few months.

That Senate schedule calls for full day hearings, likely to be held on a series of Thursdays, with concrete reform proposals to be advanced to the full Legislature by mid- to late September. The proposals would include a cap, with exemptions yet to be determined, and 'toolkit' management reforms.

The five topics were initially identified for discussion.

- Evaluation of the effectiveness of the current 4% levy cap.
- Evaluation of the experience of other States with a 'hard cap.'
- Evaluation of 'toolkit' management reform, possibly bifurcated to consider:
 - Municipal and county reforms
 - School district reforms.
- Evaluation of the current school funding formula.
- Review and analysis of the State Health Benefits Plan and the impact of health benefit costs on local budgets.

Also today in Trenton, the Assembly Budget Committee took testimony on property tax caps from DCA Commissioner Lori Grifa, representatives from the School Boards Association, the Association of Counties, various public employee groups and the League.

When I spoke to the Committee, I pointed out that based on our own review of all municipal budgets, the 4% statutory levy cap appears to be working. Under the 4% levy cap average municipal spending went up 4.3% in 2008 and 1.4% in 2009. Average municipal property taxes went up 7.5% in 2008 and 3.7% in 2009. Municipal property taxes went up at a greater rate than municipal spending in large part because in 2008, average municipal property tax relief funding was down 8.5%, and in 2009 it went down another 2.8% from that reduced allocation. We expect that study to reveal a continuation of the trends already evident. Under the statutory 4% levy cap, municipalities are bringing down spending and slowing property tax growth, despite declines in State distributed property tax relief funding and other revenues, and despite some dramatic increases in costs.

Further, the 4% statutory cap is working despite municipal budget stresses. Snow removal costs went up 37% in 2009 and another 45% in 2010. Public employee pension costs went up 18% in 2009 and another 29% in 2010. Health insurance costs went up 3% in 2009 and another 10% in 2010. Workers' Comp insurance went up 5% in 2009 and another 9% in 2010. In those same years, municipal budgets absorbed **decreases** of 17% and 33% in interest earnings, of 2% and 4% in construction code fees, of 4% in municipal court revenues this year and, as mentioned, in dedicated municipal property tax relief funding.

So, we support efforts to restrain municipal spending, and accordingly, support more stringent caps. But for those caps to work, we call on the Legislature and the Administration to join in efforts to restrain municipal costs. Our Executive Board is united in calling for management reforms and mandates relief, in order to allow municipalities to work within any new cap, without jeopardizing essential local services. Meaningful cost containment measures have got to be a part of the package that will limit future spending.

-
In the interest of fairness and out of respect for the efforts of local officials struggling to do what is best for their municipalities and to serve their fellow citizens to the best of their abilities, any proposed cap must be the final piece, not the centerpiece of this year's property tax relief effort.

For updates through the holiday weekend and in the upcoming days, please see the "Toolbox" link on the League's website at: <http://www.njslom.org/2011FY-Budget/toolbox-news.html> and the League's Twitter feed at: <http://twitter.com/NJLofM>

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

Very truly yours,

William G. Dressel, Jr.
Executive Director

New Jersey League of Municipalities
222 West State Street, Trenton, NJ 08608
609-695-3481

To unsubscribe from this list, send a blank email to **leave-12836976-235018168.a5b3b1841a13d0fd7831dbdfc64a0b1b@lists.n-email2.net**