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Masser, Michelle

From: Lashway, Lisa
Sent: Wednesday, July 07, 2010 3:52 PM
To: Masser, Michelle; Sohl, Bill
Subject: FW: Two Issues

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From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Wednesday, July 07, 2010 3:12 PM
To: Lashway, Lisa
Subject: Two Issues



**Municipal Clerks
for Mayors, Elected Officials
and Staff**

July 7, 2010

Re: I. League Foundation Releases Latest White Paper

The League's Educational Foundation has released its latest white paper. These policy oriented papers will offer the perspectives of experts from outside municipal government, applying their expertise to issues confronted by local leaders.

Volume 2, number 2 of the "Friends of Local Government Series" is titled,

"2010: A Stabilizing Economy but Uncertainties" Remain."

This paper, written by Dr. Jim Hughes and Dr. Joseph Seneca of Rutgers, explore how the global economic recession impacts local governments and is a follow up to their 2009 paper in this series, Volume 1, Number 1.

The paper is available online at: <http://www.njlmef.org/policy-papers.html>

This paper will also be feature at the Foundation's program this Friday, July 9 in New Brunswick.

More on this program is available online at: <http://www.njlmef.org/conference-NJ-economy.html>

Very truly yours,

William G. Dressel, Jr.
Executive Director

RE: II. Assembly Budget Committee Takes Testimony on Property Tax Caps

Dear Mayor:

As reported in yesterday's update (<http://www.njslom.org/letters/ml070610-cap.html>), the Assembly Budget Committee met today in Trenton, in the aftermath of the bi-partisan agreement on new property tax caps. (See the Governor's Press release at <http://www.state.nj.us/governor/news/news/552010/approved/20100706a.html>.) League Third Vice President, Mayor Janice Mironov of East Windsor, League Past President, Mayor Chris Bollwage of Elizabeth, Cherry Hill Mayor Bernie Platt and Collingswood Mayor Jim Maley, Chair of our Economic Development Committee, joined me to urge the Legislature to focus on the immediate need to enact local government cost containment reforms.

Mayor Mironov testified, “We want, more than anybody, not only to cap property taxes, but to reduce property taxes. We are concerned about the order of events here in Trenton and we are concerned about some of the provisions of the cap. The cap must take into account, as an exception, the Reserve for Uncollected Taxes and the costs of the results of successful tax appeals. The Governor was right when he said, ‘New caps without the toolkit are unworkable.’ Local governments need to see action on the toolkit management reforms and on mandates relief initiatives BEFORE the Governor signs any new caps. Local governments need assurances that the Trenton establishment will end the diversion of vital municipal revenue replacement funding, such as the Energy Tax, which was never intended for State use. Property tax reform takes more than caps and cuts.”

Mayor Platt told the Committee, “Mayors throughout the state need real reforms to an antiquated property tax system that has not evolved in more than 200 years. We need significant management reforms that will give town halls throughout the state the flexibility to keep the cost of doing business lower and allow municipalities to preserve the health and public welfare of our residents. No elected official ever wants to raise taxes and imposing a cap without the proper vehicle to manage it will not build true property tax reform.”

Mayor Bollwage told the Legislators, “We need real solutions to real cost drivers, whether they are inside or outside any arbitrary cap. On pensions and health benefits, if employees are required to contribute a reasonable percentage of the actual costs of the benefits, then our citizens will see real, sustainable relief.”

“The “toolkit” to help towns control personnel costs must require arbitrators consider the 2% cap AND the cost of health care benefits,” said Mayor Maley. “Because health care costs are outside the cap, they must be considered separate from the cap to allow towns to adequately control their costs.”

Absent cost containment initiatives or an end to the diversion of municipal revenue replacement funding, these new caps will only shift the burden of deciding whether to slash vital municipal services or increase property taxes from local elected officials to the citizens who elected them.

Please contact your State Senator and your Assembly Representatives. Urge them to give you the tools and the flexibility that you need to deliver property tax relief AND essential public services.

In the coming days, urge **them** to focus on: cap exclusions for increases in the reserve for uncollected taxes, in excess of the cap rate; cap exclusions for the costs of pre-existing labor contracts, in excess of the cap rate; assurances regarding an end to the diversion of vital municipal revenue replacement funding, such as the Energy Tax, which was never intended for State use; assurances that the Local Finance Board will continue to have the authority to grant emergency cap waivers.

Local governments need to see action on the toolkit management reforms and on mandates relief initiatives BEFORE the Governor signs any new caps. Local governments need assurances that the provisions of the new local government cap will mirror the provisions of a new State spending cap.

All municipal officials believing in 'right-sizing' government. But once you reach the right size, further cuts produce the wrong results. Those results can be avoided if costs can be contained.

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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