



**STATEMENT BY THE HONORABLE MICHAEL GABBIANELLI,
MEMBER, NEW JERSEY LEAGUE OF MUNICIPALITIES,
PRESIDENT, GLOUCESTER COUNTY MAYORS' ASSOCIATION,
AND MAYOR, MONROE TOWNSHIP
CONCERNING GOVERNOR CORZINE'S PROPOSED BUDGET
FOR FY 2008-2009.
PRESENTED TO THE SENATE BUDGET AND APPROPRIATIONS
COMMITTEE
TUESDAY, MARCH 25, 2008
GCIT
DEPTFORD, NJ**

Thank you, Madam Chair and members of the Committee.

Let me begin with a quote. "Although the League hopes that the trend of State fiscal policy in the future will be toward lightening the tax burden on real estate and requiring that other types of wealth may be compelled to share the burden of government to a substantially greater extent, it realizes that until the legislature takes such action, real estate will continue to bear the brunt of the cost of municipal and county government."

That was the testimony presented by League Executive Secretary James J. Smith to the Constitutional Convention meeting in New Brunswick on Tuesday, July 1, 1947

Today, sixty (60) years later, the League of Municipalities and Mayors all around our State must continue to hope for changes to state policies that will lighten the tax burden on real estate. Today, sixty (60) years later, state fiscal policy continues to place an excessive tax burden on real estate. Today, sixty years later, state fiscal policy is a debacle.

It's time for change and this budget proposal does not fit that bill. In Gloucester County, the bigger towns such as Washington Township will lose over half a MILLION DOLLARS in state aid. Deptford and West Deptford will each lose \$300,000 and my Township of Monroe will lose \$400,000. The loss of state aid along with the newly imposed state levy cap and today's economic climate is a recipe for disaster that will severely impact a municipality's ability to provide the most basic services to its residents in the years to come.

As a mayor, I believe in achieving operational efficiencies that result in reduced expenses. I believe in achieving economies of scale through service consolidation derived from inter-local service agreements when and where appropriate. I believe in the necessity to fix the state's fiscal problems. I do not believe in fixing the state's fiscal problems through formula aid cuts to municipality's that provide a greater tax burden on our residents.

Also, please consider a few questions about the Governor's proposed CMPTRA cuts for municipalities under 10,000 and 5,000 residents. The answers to these questions are important to all municipalities – those above these artificial thresholds, as well as those below.

1. Will budgetary consideration be given to municipalities that are already involved in extensive inter-local services arrangements? If so, (And here's why this is important to all municipalities.) where will the money come from?
2. Not too many years ago, before service sharing and consolidation became the rage in Trenton, municipalities were told to reduce costs through privatization of services. Many did. Will budgetary consideration be given to municipalities that pursued that strategy, in the past, or which might want to consider that, in the future? If so, where will the money come from?
3. If three contiguous municipalities, all currently under the arbitrary 5,000 threshold, were to consolidate this year, and become a municipality with more than 10,000 residents, are there any assurances that their CMPTRA funding next year will be based on their former aggregate funding? If so, where will the money come from?
4. If a municipality of less than 5,000 consolidates with one of more than 10,000, will its future CMPTRA funding be based on the former aggregate? If so, where will the money come from?
5. If any municipality, currently below one of the thresholds, grows enough, by the next census, to exceed one of the thresholds, are there any assurances that they can expect to receive their former CMPTRA funding? If so, where will the money come from?
6. And finally, what assurances, if any, can you give mayors that this year's arbitrary population thresholds will not be adjusted up in the future, to help the State meet further budget short-falls? Depending on how that question is answered, we may know where the money will come from.

I don't expect any answers to those questions. But they are the kinds of questions that should have been considered BEFORE any proposal was made to reduce municipal property tax relief funding by close to \$190 million.

I would also encourage you to wait until the questions about consolidation are studied by the Local Unit Alignment, Reorganization and Consolidation Commission. The Legislature's Special Session for Property Tax Reform created the LUARC over a year ago. The Commission is charged with studying and reporting on the structure and functions of county and municipal government, including local taxing districts, their statutory bases, the fiscal relationship between local governments and the appropriate allocation of service delivery responsibilities from the standpoint of efficiency. The Commission will also consider optimal service levels, ratios of employees to population served, cost structures for service delivery and other best practices.

Until the Commission sets to work, you cannot be sure that the arbitrary 5,000 and 10,000 thresholds make any sense at all.

Again, one year after the historic Special Session for Property Tax Reform, which was supposed to eliminate the need for a Citizens' Convention, our property taxpayers will once again be asked for patience. And they will be asked to shoulder more than their fair share of the funding burden.

This year, with this budget, we need your help.

Please restore the \$190 million in municipal property tax relief that the Governor has proposed to cut for FY 2009.

Thank you,

Michael F. Gabbianelli
Mayor, Township of Monroe