

**STATEMENT BY THE HONORABLE LOUISE WILSON,
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AND COMMITTEEWOMAN, MONTGOMERY
CONCERNING GOVERNOR CORZINE'S PROPOSED BUDGET
FOR FY 2008-2009.
PRESENTED TO THE SENATE BUDGET AND APPROPRIATIONS COMMITTEE
THURSDAY, MARCH 20, 2008
STATE HOUSE ANNEX
TRENTON, NJ.**

Thank you, Madam Chair and Members of the Committee for giving me this opportunity to speak on the Governor's budget proposal.

I also want to thank you for what you do as public servants. I know you invest a great deal of time and energy in your work here in Trenton. Goodness knows I don't agree with everything that comes out of the legislature but I do appreciate that you have a demanding and difficult job – especially these days.

One year after the conclusion of the Special Session for Property Tax Reform, mayors all around the State feel that the rug has been pulled out from under them. Our constituents have to be able to rely on the cooperation of all of their elected officials, at all levels of government, if meaningful and lasting property tax relief is to happen. And this year, with this budget, we need your help.

The League of Municipalities' primary interest in the State's budget, and in all other State policy debates, remains property tax relief and property tax reform. That may not be your priority this year. And we can respect that, but respectfully disagree. For the average New Jersey resident, as for us, the property tax crisis remains public policy enemy #1.

In his Budget Address to the Legislature, among the many proposed cuts, the Governor mentioned three funding areas he was forced to short-change – hospitals, higher education and municipal property tax relief. Guess which one of those faces the deepest dollar cuts? Higher Ed will be cut by \$75.6 million. Hospitals will lose \$143.5 million. And municipal property tax relief will be slashed by \$189.6 million.

In the Governor's proposal, for municipalities with a population of less than 5,000, there will be no CMPTRA funding this year. Municipalities with a population total between 5,000 and 10,000 will receive one-half of the amount they received in the State's last budget. The vast majority of municipalities with a population greater than 10,000 will

receive substantially less than the amount that they received in the State's last budget. Total CMPTRA cuts will equal \$62 million.

The \$32.6 million distributed according to the CMPTRA formula, which municipalities received last year as 2008 Municipal Property Tax Assistance, is gone. All municipalities will receive level Energy Tax funding, despite State Law that "requires" annual inflationary adjustments of this (and CMPTRA) funding. Last year, municipal efficiency was promoted to the tune of \$34.8 million. This funding has been eliminated. Last year's \$32 million in Homeland Security Assistance is gone. Special Municipal Aid funding is cut from \$153 million to \$145.4 – a loss of \$7.6 million. Extraordinary Aid funding is reduced by \$1.7 million – from \$34 million to \$32.3 million. The \$8 million Regional Efficiency Aid Program will not be funded. Open Space PILOT is the only municipal property tax relief funding that we have been able to identify that will actually increase – by \$200,000, from \$9.8 million to an even \$10 million.

Let me take a few minutes to explain what this means to the people in my township.

Our township committee is still struggling with the tough choices of what to cut. Like a lot of towns, we have been getting leaner and leaner for years. We have many shared service agreements or interlocal service agreements in place, and are always looking for ways to share and be more efficient without compromising quality of service.

So while I cannot tell you today all the specifics of what we'll cut, I can say we aren't talking about fat. We will cut every departmental operating budget. Road projects, parks maintenance, tree replacement, support for the library, police programs like school resource officers and DARE, the township newsletter which is a key communications vehicle to inform the public about issues and land use applications before our boards and commissions – all of these are on the chopping block.

At the same time, the cap laws are compelling many towns, including mine, to finance certain purchases as capital items rather than using a pay-as-you-go approach, as we would and should do. Take police cruisers as an example. Our policy is to replace three vehicles a year, and believe me, they need replacing. We could delay these purchases, but it would only place us further behind the 8-ball next year. So we will finance the purchases so as to be outside the cap, and we'll pay more for them, and we'll show more debt on our finance sheets and Moodies or S&P will frown, and when enough of that kind of thing piles up our bond rating will get downgraded and the taxpayers lose again.

We've done multi-year financial planning and forecasting, keeping our debt service fairly low and very stable. We've been sticklers about financial best practices. But with the cap laws in place, we are forced to choose between abandoning the best practices or abandoning what we know to be sound and responsible maintenance plans. Either way, the taxpayer loses. And the people in Trenton who don't have a clue as to how all of this plays out, call it tax relief.

At the same time, the towns are forced by state law to comply with rules and regulations that we are given no funds to pay for. These unfunded mandates, including stormwater

rules, floodplain regulations, the open public records act compliance, mandated public health planning and education, dozens of required certifications and qualifications and trainings for municipal employees and volunteers -- and God help us, the proposed COAH rules which amount to a massive unfunded mandate which the fair housing act expressly prohibits --- all of these mandates consume enormous staff time and millions of local tax dollars. Some of them make sense and a lot of them don't. But none of them comes with any funds needed to carry out the mandate.

And as I mentioned early on, tax relief funds to which the municipalities are supposed to be entitled, are deeply cut or eliminated altogether.

Governor Corzine deserves credit for recognizing the complexity and magnitude of the problems we face as a State, for forcing the discussion about the kind of threat they pose and how to begin to solve them. I admire the courage and determination he has shown, and I appreciate very much that he has taken a bipartisan approach; that he has reached across the aisle for ideas, challenging critics to present alternatives, and in general has had the guts to take on this mess. I want to support the Governor. I'm willing to share the pain and I think most of my colleagues in municipal government are, too.

But these cuts make what we do unsustainable. I understand that for some people who want to force municipal consolidation, making it impossible for us to do our job is exactly the point. But be careful what you wish for. Slicing aid to municipalities this deeply is going to bring unhappy, unhealthy consequences.

Removing support for municipalities means removing support for neighborhoods, for services that people depend on, for programs that have a direct impact the thing we call "quality of life" -- filling potholes, keeping cops on the street, fix the playground equipment, having a living breathing person at the front desk in the municipal building, helping people understand their tax bill, get their dog licensed, find out what's planned for that vacant land down the street. Someone needs to provide front-line customer service to the people, and most towns -- including the very smallest boroughs -- are providing that service in a very cost effective manner.

I'm sure you know that municipal government accounts for a small portion of the property tax dollar -- 20 cents on the dollar, or less. In Montgomery, one dime out of every tax dollar goes to pay for all the services we provide: public health and safety, public works including roads and parks, planning, zoning, code enforcement, tax assessment and tax collection, recreation, and support for all of the volunteer committees, commissions and boards.

Municipalities depend on state aid, and by & large it's spent very wisely. It is direct property tax relief.

If there needs to be a discussion about phasing in property tax relief funding cuts to address the State's budget problems, we want to have a seat at the table. If there is to

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be a serious discussion about the way municipal property tax relief funding is distributed, we want to have a seat at the table. Mayor Bob Bowser of East Orange is wont to say that if you don't have a seat at the table, you're probably on the menu. This budget proposal seems to make us and our property taxpayers the main course.

More than a 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. I implore you not to forget the urgent need to effect statewide property tax reform, and to move ahead with a constitutional convention focused specifically on that imperative.

For right now, 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.