

**STATEMENT OF HONORABLE JANICE S. MIRONOV, PRESIDENT,
NEW JERSEY STATE LEAGUE OF MUNICIPALITIES AND MAYOR,
EAST WINDSOR TOWNSHIP
PRESENTED TO THE SENATE BUDGET AND APPROPRIATIONS COMMITTEE
TUESDAY, MARCH 5, 2013
COMMITTEE ROOM 4
STATE HOUSE ANNEX
TRENTON, NEW JERSEY**

Thank you for this opportunity to speak before the Committee on the Governor's proposed budget and to present some comments for consideration.

Keeping property tax increases down to 2.4% and 1.4% over the past two years would not have been possible without real reforms enacted by the Governor and the Legislature. For things like the 2% cap on arbitration awards and pensions and benefits reforms, the Governor and Legislative leaders deserve our thanks and recognition. It took political courage to advance those reforms. Last year's increase in school aid was also welcome.

Mayors working with local governing bodies all around the State also deserve credit for making the tough decisions in tough times. We have pruned budgets, pursued savings, engaged in tough negotiations, reduced the workforce, shared services, cut spending, applied best practices, emptied reserve accounts and deferred investments. We did this as property values declined, tax appeals increased, development and economic activity stalled, employment slumped and property tax relief funding was diverted to the State budget.

Operating under the 2% levy cap, municipalities are allowed certain common sense exceptions. Hopefully, many of the 'Sandy' emergency costs will be off-set through FEMA reimbursements. But pension costs, as well as 'inside the cap' costs like insurance premiums, utility bills, reserves for uncollected taxes, funding of tax appeals and motor fuels, continue to rise by much more than 2%. Likewise, the costs of State mandates continue to add up. For example, the Public Employment Relations Commission (PERC) has, for years, required municipalities to supply PERC with copies of labor agreements. Now PERC is also requiring a certification of the budget impact of the terms of the contracts. The certifications should be signed by the Chief Financial Officer or, in some municipalities, by the municipal auditor. This will most likely result in an added fee to the town. In 2013, as in every year, the municipal budget maker has to be concerned with all costs, whether inside the cap or not. So for the vast majority of municipalities that do everything they legally can to control costs there are only three alternatives.

They can cut essential services. They can ask the voters, already facing their own family financial concerns, to approve higher property taxes. Or they can be given the Energy Receipts specifically meant for property tax relief. That would give municipalities more of the resources they need to meet constantly increasing costs, without asking voters to sacrifice either financially or in terms of effective municipal services.

Fair-minded people now recognize that the next advance in property tax relief has to involve ending the State's taking of Energy Tax Receipts and CMPTRA funds that are meant to be distributed to municipalities for property tax relief. I want to personally thank you, Chairman Sarlo, for your leadership on this important property tax relief issue. And I want to thank State Legislators from both sides of the aisle who supported S-1900, last year.

This year again, respectfully, we ask the members of this committee to, at least, begin to restore the \$331 million that was diverted from these property tax relief programs to meet State needs in FY 2009, 2010 and 2011. New Jersey property taxpayers have already waited too long for the return of these resources. The time has come to restore to local budgets the millions in property tax relief that have been annually diverted to meet State needs.

In addition to your work on the Budget, and for a permanent solution to the problems created by the State's use of municipal Energy Receipts, we urge you to support Senate Bill S-1923. This bill would require the payment of energy receipts directly to municipalities. This would assure local property taxpayers compensation for hosting transmission facilities and lines that allow gas and electric energy corporations to serve customers and conduct business in our Garden State. The League of Municipalities salutes the sponsors for listening to the Mayors in their districts and all around New Jersey and for advancing this legislation.

Recognizing the contributions made by our volunteer first responders and the sacrifices they make to serve their fellow citizens, we thank the Governor for proposing a 35% increase in funding for volunteer emergency medical services training. The funding for the program comes from a dedication of 50 cents from municipal court costs resulting from motor vehicle violations. Since 2010, funding has been limited and reimbursements only available for initial training.

We thank the Governor for this proposal, which will increase the training reimbursement for new volunteers from \$550 to \$750. And we further thank our emergency first responders, especially our volunteers, for all they do – not only in terms of urgent care, but also for the property tax relief they provide by their selfless service.

We are concerned with a proposed diversion of \$21 million from the State Recycling Fund to the General Fund. A \$3.00 per ton tax is levied on the owner or operator of every solid waste facility as well as on solid waste collectors that transport solid waste for out-of-state disposal provides the funding for this program. The statute specifies that no less than 60% of the proceeds must be returned as tonnage grants to municipalities and counties. Respectfully, we ask the Committee to review that proposed diversion to make certain that our recycling programs get all the support they deserve.

In addition to other programs that the Administration has identified as priorities, the Governor indicated his support for limiting the ability of municipal officials, and only municipal officials we note, to implement user fees to fund certain services. A user fee is a sum of money paid by individuals who choose to access a service or facility. Examples of user fees include highway tolls, parking charges and State Park entry fees. With user fees, an individual directly pays for something he or she wants and uses what has been paid for. Overly broad limitations on future user fees could, for example, force a municipality to fund a new youth recreation program within the cap. That requirement would pit funding for a new soccer league against other spending priorities, which might keep a governing body from establishing a valuable service. Overly broad limitations could discourage a municipality from offering to pick up bulk items for disposal, for a reasonable fee, or require cap reductions for revenue derived from newly metered parking in a shopping district.

Instead of limitations on local budget options like user fees, we urge State policy makers to prioritize relief from the civil service requirements that often prevent shared services, and to advance other tools, like an extension of the 2% limit on arbitration awards, which is set to sunset next year. These initiatives would help local officials to continue to provide vital services, more efficiently and economically.

Finally, we appreciate the Governor's proposal regarding the establishment of a \$40 million "Sandy contingency fund," to cover recovery costs not funded by the Federal government. We intend to comment on that further, once the details of that program are available.

As you continue to review the Governor's proposal and prepare for the introduction of the Appropriations Act, please feel free to contact me for any assistance.

Thank you.