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Administrator or Manager Recruitment and Selection Advisory Service

**STATEMENT OF HONORABLE CHUCK CHIARELLO, FIRST VICE PRESIDENT,  
 NEW JERSEY LEAGUE OF MUNICIPALITIES AND MAYOR,  
 BUENA VISTA TOWNSHIP  
 PRESENTED TO THE ASSEMBLY BUDGET COMMITTEE  
 MONDAY, APRIL 19, 2010  
 STATE HOUSE ANNEX  
 TRENTON, NEW JERSEY**



Good morning Chairman Greenwald and Members of the Committee. Thank you for giving me this opportunity to present the municipal perspective on Governor Christie's budget proposal.

We know how difficult your job is this year. Municipal officials expected deep cuts. But we did not anticipate the severity of the Energy Tax cuts. While this proposal meets the letter of the law, it clearly violates the spirit of property tax relief in the Energy Tax statute. Further, the Division of Local Government Services has advised us that *the State will reduce aid payments to those municipalities that use formula aid reductions as an add-on to the levy cap calculation. In other words, local officials, struggling to do the best for their citizens in an incredibly difficult year, will be punished for complying with State levy cap law. And that punishment will be felt by those citizens.*

There is no good way out of an \$11.2 billion budget hole. But the best way will inevitably involve broadly shared sacrifices. We are braced to do our part, recognizing that our property taxpayers need to be insulated, as much as possible, from the impact of those sacrifices. The proposed 20% cut in property tax relief funding will present a serious challenge to local budget makers, struggling to provide essential municipal services effectively and efficiently. Still, as we have stated many times, there are other ways for the State to help us deliver property tax relief. For the sake of those taxpayers, the total \$340 million cut must be accompanied by real reforms and immediate and significant mandates relief.

Accordingly, we anxiously anticipate the report and recommendations of the Lieutenant Governor's Red Tape Review Group. And, while we have serious concerns about the practical implications of the Governor's proposed 2.5% cap, we are gratified that the Administration intends to provide local officials with meaningful tools to limit the otherwise devastating impact of the cuts. Binding Arbitration reforms, which require arbitrators to recognize local caps and the impact of those awards on property taxes, and Civil Service reforms, that allow local governments to opt out of the system, have long been sought by the League. Combined with the recent pension and benefit reforms, they can represent real progress.

Finally, as you move forward, I urge you all to consider the ripple effects of your decisions. When property tax relief funding is cut, and municipalities and school districts have less to spend, it has an effect in the local economy that has an effect on the State's economic health. If we are forced to lay workers off, the State loses income tax and sales tax revenue, and social service costs can rise. If we are forced to defer capital projects, construction workers aren't as busy as they could be. And those that supply materials aren't selling as much as they could.

I do not envy you. Balancing a public budget is always an awesome responsibility. This year, in this economy, it is an especially daunting task.

You might not hear it as often as you should, but your colleagues in local government recognize the time and effort you dedicate to this work. On their behalf, and on my own, thank you. Please let us know, through the League, if we can ever assist any of you on any matters of mutual concern.

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