



New Jersey Association of Counties

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Executive Director

PROPERTY TAX CAP LEVY RESTRICTIONS

The New Jersey Association of Counties (NJAC) recognizes the unprecedented economic times our State, local governments, and taxpayers are struggling through; and as an organization that advocates on behalf of a true regional form of government and a long-time supporter of shared services and consolidation where feasible, chooses to be part of the solution. With this in mind,

“NJAC supports a reduction to the property tax cap levy, provided it includes cap banking and certain cap exceptions, and provided that such a cap reduction is supported by meaningful collective bargaining reform, civil service reform, and pension and health benefits reform.”

With respect to cap exceptions or cap waivers, the Association supports the use of these mechanisms as necessary tools that take into consideration various costs that have become increasingly difficult to manage or are beyond the scope of our control. Such costs include those associated with debt service, pension, healthcare, utility expenses, public health and safety expenses, and capital lease payments.

An additional cost applicable to county governments, include those associated with the operation, maintenance, and capital expenses of the county prosecutorial offices and facilities. County governments exercise no appointive, administrative, or law enforcement control over county prosecutors, but must pay for the above-noted expenses as mandated by State law. NJAC submits that such expenses should be included as an additional cap exception. Finally, as incentive for county governments to streamline services, the Legislature should also consider a cap exception for increases to county operating expenses as a result of any shared services or consolidation initiatives on behalf of constituent municipalities.

In order to provide essential services in a cost effective manner, NJAC would not support a reduction to the property tax cap levy in a vacuum, but recognizes the flexibility a statutorily mandated cap provides instead of constitutionally imposed one. More importantly, and in addition to the above noted cap

exceptions and our support of the use of cap banking, any attempt to control costs at the local level must include meaningful collective bargaining reform. As has been well documented, county governments dedicate approximately 50% of their budget to salaries, wages, and health benefits. A more restrictive property tax cap levy without significant collective bargaining reform will force county governments to eliminate important services and personnel, and drastically reduce improvements to county facilities, roads, and bridges.

With this in mind, NJAC recommends collective bargaining reform, to prohibit arbitrators from awarding contracts that exceed statutory or constitutionally mandated cap levy limitations; to enforce arbitrators to take into consideration the impact on property taxes in reaching their decisions; and to require arbitrators to take into consideration salary guides that include increases in pay as a result of “steps” and “guides.” The Legislature may also consider regionalizing collective bargaining at the county level, or authorizing arbitrators to choose between two competing proposals.

Pension, health benefits, and collective bargaining reform are important pieces to controlling costs at the local level as well. As such the Association supports pension reform to cap supplemental compensation for accumulated sick leave for current employees, and to prohibit non-governmental entities from enrolling and participating in any State-retirement system. With respect to civil service reform, the Association supports legislation to provide local governments with the ability to “opt out” of civil service as another resource to potentially contain costs and share services, but more importantly supports streamlining the overly burdensome bureaucratic process that currently exists.

NJAC looks forward to working with the Legislature and Governor on the daunting task of making our great State a more affordable place to work, live, and raise a family. Thank you for your time and consideration, and please do not hesitate to contact the Association’s Executive Director Celeste Carpiano or Deputy Executive Director John G. Donnadio at (609) 394-3467 with any questions or concerns.