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Saturday, July 3, 2010

People Will Have Final Vote in Overriding Cap, Senate President Sweeney Agrees to Enact Christie Tool Kit by Early Fall

Trenton, NJ - Governor Chris Christie today announced a bipartisan consensus with Legislative leaders to provide long-awaited property tax relief for beleaguered New Jerseyans through an even stronger cap of 2 percent. This agreement stays true to the Governor's commitment to a hard cap with limited exceptions while giving voters the ultimate decision making authority in whether or not the cap should be exceeded.

There is no doubt New Jersey is facing a property tax crisis with local government spending having grown by 69% and property taxes having grown by 70% in the last decade. This hard 2 percent cap delivers long overdue relief that cannot be rendered meaningless by politicians. By putting the people first and giving them the ultimate say, New Jersey is finally taming the property tax beast. No longer will Trenton bureaucrats decide property taxes. Any waivers of the 2.0 hard cap will be granted by a vote of the people, not the bureaucrats of the Local Finance Board. A local cap override referendum would be approved by a simple majority vote.

Furthermore, critically important to the Christie Reform Agenda, the agreement also includes commitments from the Legislature to swiftly and diligently enact the Governor's accompanying "tool kit" reform components by early Fall. As Governor Christie has continually stated, providing municipalities the necessary tools to combat rising local costs is the foundation for fundamentally reforming government and ensuring tax relief is made permanent.

"It's been an unprecedented week of bipartisan negotiation and, finally, consensus to work together to end the property tax nightmare for New Jerseyans," Governor Christie said. "This formula finally has as its centerpiece a hard cap that will bring discipline and careful planning to local spending - the heart of the problem with property taxes - while providing just enough flexibility to deal with certain unpredictable costs."

Today's Consensus Agreement Holds Firm Governor Christie's Principles:

- o **A Hard Cap.** Cap 2.0 is a hard cap that allows for continued, aggressive reform. With this hard cap, in any year, the property tax levy cannot increase more than 2 percent, with very limited exceptions.
- o **Letting the People Vote.** Allowing for the people to decide their own fate and determine when increases in property taxes should exceed the cap is central to achieving meaningful reform. As such, the agreement gives citizens the ability to take back their state and have a much needed voice in their local communities.
- o **Limited Exceptions Ends "Swiss Cheese" Cap Currently In Place.** Currently there are 14 exceptions or waivers, including a catch all that allows for exceptions not covered in the first 13, which has made the current 4 percent cap almost irrelevant. Today's agreement allows for few exceptions, including one initially proposed by the Governor.
 - Capital expenditures and pay required debt service
 - Pension benefits
 - Health benefits
 - Expenses incurred in connection with a state of emergency as determined by regulations to be defined.

"Over the years as property taxes have continued to go up, it has become apparent that Trenton politicians of both political parties have repeatedly failed to fix the system," the Governor said. "Today, we are acting together to ensure that in the years ahead young families won't be struggling to own a home because they can't afford the property taxes and that our seniors aren't forced to move out of state by wild tax increases year after year."

The Governor's reform agenda is driven by the fact that since 2001, spending at the local level has spiked 69 percent - from \$26.5 billion to approximately \$44.7 billion this year. Had a hard cap been in place for the last decade, the average family's property tax bill today would be \$5,167, rather than the current \$7,281.

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