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NEWS RELEASE

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Governor Commits \$33 Million to Towns Affected by Bell Atlantic Tax Change

Gov. Christie Whitman today announced that she is providing \$33.8 million in additional state aid to municipalities to offset losses they will incur due to Bell's Atlantic's decision to change its depreciation formula for business personal property.

"This \$33.8 million will be a welcome relief to local property taxpayers who this year would have had to make up for the revenue lost as a result of Bell Atlantic's unexpected decision," said Gov. Whitman. "The additional state aid will buy some time for municipalities to adjust their budgets to account for the decreased tax revenue from Bell."

The \$33.8 million represents the full cost impact of the revenue shortfall that Bell Atlantic's (Bell) change is expected to cause for 540 municipalities. The Governor will include the funding in her upcoming Fiscal Year 2001 budget that she will propose to the Legislature in January.

The New Jersey tax code subjects business personal property of local exchange telephone companies to real property tax rates. Every municipality in the state realizes some portion of the more than \$100 million in taxes paid by Bell Atlantic.

Previously, Bell used the Federal Communication Commission's regulated depreciation schedule. This year, Bell has made a management decision to use the Federal Internal Revenue Service (IRS) depreciation schedule. Under state law, Bell retains the discretion to make such a depreciation schedule change.

Members of the Governor's staff have been meeting with representatives of the League of Municipalities and Bell Atlantic over the past few months to address the fiscal impact that Bell's change would have on local taxpayers.