



OFFICE OF THE GOVERNOR

NEWS RELEASE

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GOV. WHITMAN MEETS WITH MAYORS, SIGNS BILL TO PROVIDE TOWNS WITH ADDED PROPERTY TAX RELIEF

Gov. Whitman today congratulated several mayors for controlling local property taxes during a forum in Hanover and she signed legislation that will increase the power of municipalities to further control property tax rates. The legislation facilitates the sale of municipal tax liens and enables municipalities to more quickly collect on the value of assessment lien certificates.

"During my administration, property tax increases have been held to the lowest annual level in 20 years," said Gov. Whitman. "Those rates have been controlled thanks to smart management on the part of local officials and nearly \$30 billion in property tax relief that the state has provided to municipalities."

"The legislation that I am signing today facilitates the sale of tax liens and the collection of assessment lien certificates -- providing municipalities with more capital up front that they can use to help control property taxes," said Gov. Whitman. "This bill, when taken together with legislation that I signed in May, will allow municipalities to collect 100 percent of their tax levy and eliminate idle pots of money used to anticipate uncollected taxes."

The legislation signed by the Governor today expands upon legislation that she signed in May which authorizes the sale of municipal tax levies and municipal tax liens in the same year that taxes are due. Taken together, these two laws will enable municipalities to improve their tax collection rates to 100 percent, eliminating the need for the establishment of a reserve for uncollected taxes and allowing municipalities to collect capital in the year that tax delinquencies occur.

Gov. Whitman met with mayors from Morris, Somerset, Sussex and Warren Counties who have either reduced or held the line on their municipal property tax rates from 1993 through 1996. A list of mayors invited to participate in the forum is attached along with information on their municipal property tax rates. The Governor and mayors discussed ways in which the state can better assist them in managing their budgets and keeping property taxes down. The Governor discussed with the mayors the success of the state's Local Budget Review Teams, which have helped local governments identify more than \$100 million in savings, and encouraged the mayors to apply for a team review.

Throughout her administration, Gov. Whitman has remained committed to lowering the overall tax burden on New Jersey citizens. She has cut taxes 14 times, including a 30 percent reduction in the personal income tax for most New Jerseyans. The administration has also enacted a number of business tax cuts to spur economic growth and job creation. During Gov. Whitman's term, these policies have helped create more than 185,000 net new jobs.

Gov. Whitman has also provided municipalities with a stable level of state aid, added budget savings and a variety of tools and programs to help local officials control property taxes paid by local residents. Over the past four years, as a result of these efforts, combined with smart fiscal management by local officials, New Jersey municipalities experienced the smallest annual increase in property tax levies in 20 years.

The Governor signed S-2196, sponsored by Senator Leonard Connors (R-Atlantic/ Burlington/Ocean), which includes two main provisions:

The law clarifies prioritization of municipal tax liens -- giving them priority over mortgage and condominium liens. This prioritization makes tax liens much more attractive to prospective purchasers and will encourage greater sales of this type of lien.

The law also revises redemption laws for assessment lien certificates, which are issued by municipalities to developers for infrastructure development that accompanies property development. The law will make practices for redemption of assessment lien certificates consistent with practices for redemption of tax lien certificates. Assessment lien certificates will be afforded the same priority as tax lien certificates in bankruptcy court -- allowing municipalities to more quickly redeem assessment lien certificates.

Attached is a summary of Whitman administration initiatives that are providing local officials with the tools they need to control property taxes.

The Whitman Administration
Budget Savings and Tools Provided to Municipalities
to Help Them Keep Property Taxes Under Control:

Signed legislation that reforms the binding arbitration process, providing local government with the tools to control spiraling employment contract costs.

Signed legislation implementing a state mandate/state pay amendment to the constitution to put an end to the imposition of unfunded mandates on municipalities.

Streamlined municipal aid programs -- held direct aid unchanged at \$1.5 billion, and held municipal aid steady overall.

Absorbed the cost of the county court takeover, saving municipalities in excess of \$250 million in property taxes.

Enacted a property tax deduction for state income taxes -- generating \$100 million in direct property tax relief to New Jersey citizens this year alone.

Improved management of the State Health Benefit Plan resulting in \$97.2 million in savings for municipalities -- which could be directly applied to property tax relief.

Provided Local Government Budget Review teams through the Department of Treasury to help local officials identify potential cost savings and efficiencies on the local level. The program has performed more than 36 local budget reviews for school districts and municipalities, identifying nearly \$100 million in savings and efficiencies.

Provided municipalities with the "Local Official's and Taxpayer's Guide to Performance Reviews," a manual which provides the framework for public officials and taxpayers to begin internal examinations of their communities to reduce the reliance on property taxes

Advocated the sharing of services between municipalities wherever possible to improve efficiency while maintaining the same high level of service.

Supported legislation allowing municipalities the flexibility to manage infrastructure costs through innovative public/private partnerships.

Increased direct aid to school districts by \$398 million -- helping municipalities control costs.

Enacted legislation to provide \$3.7 billion in aid to municipalities -- direct property tax relief -- over the next five years by restructuring utility taxes.

INVITED MAYORS and MUNICIPAL PROPERTY
TAX FACTS
HANOVER FORUM, AUGUST 5, 1997

Municipality, County Mayor	1996 municipal tax rate (1993 municipal rate)
Allamuchy Township, Warren Mayor Francis (Frank) Gavin	0.155 (0.189)
Mt. Arlington, Morris Mayor Delores Rivinius	0.603 (0.642)

Bernards Township, Somerset Mayor Gailanne Barth	0.372 (0.387)
Boonton Town, Morris Mayor Edward Bolcar, Jr.	0.604 (1.191)
Boonton Township, Morris Mayor Douglas Cabana	0.746 (0.773)
Byram Township, Sussex Mayor Richard Bowe	0.727 (1.004)
Chester Township, Morris Mayor Kenneth Caro	0.422 (0.428)
Florham Park Borough, Morris Mayor Barbara Doyle	0.374 (0.406)
Frankford Township, Sussex Mayor James Ayers	0.185 (0.184)
Fredon Township, Sussex Mayor Robert Cowan	0.326 (0.400)
Hampton Township, Sussex Mayor Philip Yetter (Dep. Mayor Dan Coranoto attending.)	0.315 (0.366)
Hardyston Township, Sussex Mayor Kenneth Worflar	0.646 (1.191)
Kinnelon Borough, Morris Mayor Glenn Sisco	0.445 (0.446)
Madison Borough, Morris Mayor Gary Ruckelshaus	0.895 (0.896)
Mountain Lakes Borough, Morris Mayor Brian John Pendleton	0.349 (0.824)
Pequannock Township, Morris Mayor Henry Samek	0.403 (0.633)
Vernon Township, Sussex Mayor Ralph Carnesecchi	0.477 (0.717)
Warren Township, Somerset Mayor Kenneth Brenn	0.208 (0.378)
Wharton Borough, Morris Mayor Harry Shupe	0.467 (1.160)

Also attending:

Barbara Hill, 3rd VP of the League of Municipalities

Timothy McDonough, president of New Jersey Conference of Mayors

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