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NEWS RELEASE

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GOVERNOR SAYS LOCAL GOVERNMENTS AND SCHOOL DISTRICTS HOLD KEY TO LONG-TERM PROPERTY TAX RELIEF

Gov. Christie Whitman said today that in order to realize long-term property tax relief the state must encourage local governments and school districts to pursue cost-saving measures. She said these measure should include regionalized school administrative functions, creating a more centrally- administered system of property assessment and curtailing development for the sake of short-term ratables gains.

"Before we reward local governments with additional state aid, we must make sure they do their part," the Governor said. "If technology giants like AOL, Netscape and Sun can join forces to produce better services and reduce costs, we can get our towns and school districts to do the same. Long-term property tax relief must examine the cost of local government services and how consolidating and streamlining those services - across districts and municipalities - can result in reduced property taxes."

Gov. Whitman said the Property Tax Commission she appointed did an excellent job of listening to taxpayers, weighing property tax options and proposing strategies to eliminate out-of- control property taxes. She said the 60 recommendations the Commission announced in September will help provide property tax relief.

She said she was pleased legislation that incorporated two key proposals recommended by the Property Tax Commission was acted upon by the Assembly Local Government and Housing Committee. The Assembly bills would create the Regional Efficiency Development Incentive Grant Program (REDI) and the Regional Efficiency Aid Program (REAP).

If approved, the \$10 million REDI program would allow governments and school districts to obtain grants to study or implement ways to consolidate or share services. REAP would establish an annual \$25 million local aid program to aid municipalities and school districts that adopt regionalized services. The aid, which would be in addition to that which towns currently receive, would come in the form of direct credits to homeowners and tenants.

She said a \$25,000 Joint Service Incentive Grant from the state Department of Community Affairs has helped five towns in Hudson County study the prospect of merging their fire departments into a single unit. When completed, the towns -- Weehawkin, West New York, Union City, North Bergen and Guttenberg - will realize a combined savings in salary and benefits alone of nearly \$5 million a year. The amount does not include potential savings on equipment and maintenance.

"Of course, let's be realistic," Gov. Whitman said. "A \$35 million package alone won't solve every property tax problem in our state. Nor will my \$100 million property tax rebate plan for 1999 give us the long-term relief our citizens need. But these dollars belong in the taxpayers' pockets and not lost in local bureaucracies. I will push hard for the legislature to act on our proposals as soon as possible."

"The message we must get across to every citizen is that you won't see significant property tax relief unless and until New Jersey changes the way it delivers local and school services," the Governor said in an address before a seminar on New Jersey tax policy sponsored by the Gateway Institute for Regional Development at Kean University. "Ultimately, local government spending and tax restructuring must be decided by voters and officials at the local level, not in Trenton. Very little will change until counties, towns and school districts find a more efficient, long- term way to deliver their services."

"Our job is to drive home the message that there must be a trade-off between home rule and property tax relief," she said.

