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NEWS RELEASE

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Governor Signs Bills to Reward Towns, Taxpayers for Sharing Services \$35 Million Package a Key to Property Tax Reform

Gov. Christie Whitman today signed legislation providing \$35 million in state aid to encourage local governments to share services and to reward taxpayers in communities that take such steps.

The Governor said the new laws will promote government efficiency and taxpayer savings in a state crowded with more than 1,600 units of local government.

"With these programs, local officials can begin to make the fundamental changes in service delivery that will lead to long-term property tax reform," said Gov. Whitman.

The bills include a \$10 million Regional Efficiency Development Incentive (REDI) program to finance shared services actions and a \$25 million Regional Efficiency Aid Program (REAP) to provide tax credits to citizens in communities that combine services. The funds are included in the Governor's proposed state budget.

The Governor signed two other bills to remove regulatory stumbling blocks to shared service agreements and consolidation efforts. The bills are an outgrowth of recommendations by the Governor's Property Tax Commission, which offered 60 proposals for controlling property taxes, many of which focused on shared services, consolidation and regionalization.

The Governor today signed the following bills:

A-13, sponsored by Assembly Members Scott Garrett (R-Sussex/Hunterdon/Morris) and Paul Kramer (R-Mercer/Middlesex) and Senators Leonard Connors (R-Atlantic/Burlington/Ocean) and Edward O'Connor (R-Hudson), creates the REDI program. REDI will provide \$10 million in grants and loans to finance studies or start-up costs for new shared or regional service agreements.

A-14, sponsored by Assembly Members Leonard Lance (R-Warren/Hunterdon/Mercer) and Joseph Roberts (D-Camden/Gloucester) and Senators Norman Robertson (R-Essex/Passaic) and Bernard Kenny (D-Hudson), creates the REAP initiative. REAP will provide \$25 million as additional, permanent state aid based on specific shared service initiatives. The amount of REAP aid earned will be apportioned among all residential taxpayers and will be reflected on their local property tax bills.

A-12, sponsored by Assembly Members Michael Arnone (R-Monmouth) and Gerald Luongo (R-Camden/Gloucester) and Senators Nicholas Sacco (D-

Bergen/Hudson) and Walter Kavanaugh (R- Morris/Somerset), permits municipalities, counties and certain school districts to offer an early retirement incentive to employees affected by regionalization efforts.

A-11, sponsored by Assembly Member Samuel Thompson (R- Middlesex/Monmouth) and Guy Talarico (R-Bergen) and Senators John Lynch (D- Middlesex/Somerset/Union) and Martha Bark (R- Atlantic/Burlington/Camden), streamlines the municipal consolidation process and lets municipal officials create commissions to study consolidation by ordinance rather than through referendum.

State Department of Community Affairs Commissioner Jane M. Kenny said the new programs will help local governments work together on behalf of their taxpayers.

"Local officials will now have the resources to wage battle against the glut of government and redundancy in service that unfairly burden their taxpayers," said Commissioner Kenny. "As the Property Tax Commission found, local leaders must be willing to take a hard look at how services are provided if we are to realize property tax reform. These laws are designed to make that process easier and more beneficial."

The REDI program will be administered by the state Division of Local Government Services in the Department of Community Affairs and by the state Department of Education. Any county, municipality, school district or fire or special district is eligible to apply for REDI funds.

Because of the anticipated appeal of REDI program, the legislation authorizes DCA and the Commissioner of Education to negotiate combinations of grants and loans, depending on the types and costs of the projects proposed. Both departments will provide technical assistance to help local officials develop regional and shared programs.

The REAP assistance, meanwhile, will be based on a formula that considers points for the specific service to be shared; the community's population; the dollar value of each point awarded, and bonus points if the community is fiscally distressed.

REAP aid will be payable to the residents of any county, municipality, school district or fire or special district that entered into a new shared or regional service agreement after July 1, 1997. The aid will be paid directly to residential taxpayers as a credit on their local property tax bills for each calendar year in which the regional service agreement is in effect.