



STATE OF NEW JERSEY
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JON S. CORZINE
GOVERNOR

March 10, 2009

Ms. Susan Jacobucci
Director
Division of Local Government Services
Department of Community Affairs
101 South Broad Street
Trenton, New Jersey 08625

Dear Director Jacobucci:

The immediate priority for this administration is helping the people of New Jersey get through the national economic crisis and emerge even stronger, and a major part of that effort is to ease the burden on our property taxpayers as much as we can. As you know, one of the principal reforms enacted during the 2006-2007 Special Session on Property Tax Reform was the 4 percent cap on the growth of property tax levies. The cap law includes certain necessary adjustments to accommodate mandated expenditure increases and also includes a process for municipalities, counties, and fire districts to apply to the Local Finance Board for waivers for *extraordinary costs*.

The most recent data shows that municipal tax levies rose considerably last year. In fact, in eight of ten municipalities the levy increase exceeded 4%, and in one-third of municipalities it exceeded 10%. This is a pattern that must be reversed. Accomplishing this goal will require that the Board firmly enforce the levy cap law with respect to waiver applications. Just as the State is coping with declining revenues by cutting our current-year budget by over \$2 billion and proposing \$4 billion in cuts next year, our local governments should be implementing carefully

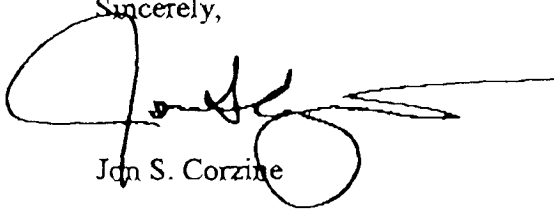
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considered cost and/or service reductions, rather than seeking to increase property taxes through waiver requests.

If waiver applications are submitted, I expect the Board to rigorously apply the "extraordinary" standard to ensure that waivers are granted only for reasons that are "out of the ordinary," and represent extreme cases where the fiscal integrity of the government agency would be at risk. Applications should document their efforts to reduce the government's cost structure. The utmost consideration should be given to the impact of any approval on property taxpayers.

One way for municipalities to avoid waiver requests and cut costs is through shared services, and I am encouraged at the growing momentum in this direction. The recent announcements of a shared municipal court among five towns in Morris County and the agreement among Camden and Gloucester counties and Warren and Morris counties for juvenile detention services, and Morris and Sussex counties sharing their youth shelter, show that costs can be reduced through creative effort that cuts across jurisdictional lines. I know the Board, in conjunction with Commissioner Doria and your staff at the Division of Local Government Services, has been working to promote shared service arrangements and that work must continue.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon S. Corzine". The signature is stylized with a large initial "J" and a long horizontal stroke extending to the right.

Jon S. Corzine