



Everything Jersey

N.J. local taxes jump an average of 7 percent in past year

Published: Thursday, January 13, 2011, 6:20 AM



By **Karl de Vries/The Star-Ledger**

Had the state's new 2-percent limit on property tax increases been in effect last year, most New Jersey towns wouldn't have been in compliance.

In fact, most would not even have been close.

A *Star-Ledger* examination of taxation around the state found that local taxes jumped 7 percent last year. Fewer than a quarter of New Jersey towns had increases of less than 2 percent.

Numbers like these have revived one of the oldest debates in local Jersey governance: Should towns combine services with their neighbors in order to cut budgets or are Jerseyans too enamored of home rule to embrace such a move?

Such ideas have been rejected countless times before. But now many politicians and Statehouse watchers argue that only by convincing towns to pare away luxuries like separate school systems and local police departments in the tiniest of boroughs can property tax hikes decrease anytime soon.

"If you're going to maintain the level of services you have — schools, police, garbage collection, snow removal — you have to pay for them," said Deborah Howlett, the president of the Trenton-based New Jersey Policy Perspective.

For years, Howlett said, residents were willing to put up with higher living costs in favor of more generous local services. But now, faced with a stagnating economy, residents are fed up with their property tax bills, consistently among the highest in the nation. A previous *Star-Ledger* story published earlier this month found that last year the



John O'Boyle/The Star-Ledger

Westfield Mayor Andy Skibitsky attends the "Review and Discussion of Governor Christie's Toolkit" session during the New Jersey State League of Municipalities annual conference in Atlantic City in this November 2010 file photo.

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average property tax bill, including county and school taxes, was \$7,555, a jump of more than \$274 from the previous year, based on taxation figures collected by the counties and reported to the state.

The same analysis found that more than 100 municipalities saw double-digit increases in local taxes, and more than half increased local levies by 5 percent or more.

"I think the frustration is evident," Howlett said.

When New Jersey was first admitted to the Union in 1787, it had 104 municipalities, far fewer than the 566 towns currently in existence. Gina Genovese, a former mayor of Long Hill Township and advocate of consolidating municipal governments, said that efforts to control local issues such as water management, alcohol prohibition and rural identity led to the spike in municipalities, a trend that eventually subsided with the economic constraints of the Great Depression. But in 1970, Gov. William Cahill started the first state commission to look into consolidating municipalities, beginning a debate that has continued to this day, she said.

But for change to take hold, it can't start with legislation from Trenton, said Assembly Deputy Speaker John F. McKeon (D-Essex); it must begin with changing the mindset of residents.

"New Jerseyans value the system we've grown up under very much," McKeon said. "Either we recognize that property taxes on some level are going to continue to grow, or we greatly diminish the services that we've all become used to."

The executive director of the New Jersey League of Municipalities, William Dressel, endorsed the need for towns to share services. But he also called on state lawmakers to address other costs that are largely responsible for tax increases. Major municipal expenditures — including pension costs, health benefits and debt payments — are exempt from the new tax limit, exclusions that leave the door open for future hikes, Dressel said. The loopholes ensure, he said, that sharing services alone won't allow towns to save enough.

Gov. Chris Christie announces arbitration reform deal

Governor Chris Christie, along with democratic leadership in the legislature, announced an arbitration reform deal on Thursday. The deal will limit the awards that can be given to public employee unions when they are at a deadlock during contract negotiations. Arbitration reform was one of the key parts of Christie's "tool kit" to help municipalities handle the 2 percent property tax limit that will go into affect on Jan 1. (Video by Adya Beasley / The Star-Ledger)

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"You can do all these kinds of management changes and reforms, but it's not going to make a significant reduction in your property taxes," Dressel said.

In recent years, Trenton has tried again and again to encourage towns to consolidate

services by trimming disbursements of state aid. Last year, the Christie administration slashed aid to

municipalities by \$359 million, and Senate President Stephen Sweeney (D-Gloucester) last month proposed further aid cuts for towns if they refuse to share services.

Michael Riccards, the executive director of the Trenton-based Hall Institute of Public Policy, wants the state to stop giving aid to municipalities with populations under 70,000 to push them toward consolidation. He also supports a new law limiting arbitrators from awarding salary increases for police and firefighters and wants the state to cut back on funding for inner-city school systems.

As taxes continue to rise in much of the state, and with the advent of the property tax limit, this may be the best time in decades to push towns to share services. But those interviewed largely agreed that against the background of generations of home rule in New Jersey, it won't be easy to convince residents — or their municipal leaders — to give up local services, even if it might save them money on their quarterly tax bill.

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