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Local officials rip aid cuts

Municipal services likely will suffer

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STAFF REPORT

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Officials throughout Central Jersey reacted sharply late Tuesday when they learned how much money the state will give them to reduce local property taxes in 2008.

Without exception, the amount was less — in some cases substantially less — than last year.

The news came from the state Department of Community Affairs on the same day that the department released the annual tally on the highest-in-the-nation property taxes paid by the state's residents.

The figures show the average residential property tax in New Jersey increased to \$6,796 last year, up \$350 from 2006. The 5.4 percent hike comes after lawmakers and Gov. Jon S. Corzine imposed 001 ? 0013.06a new cap last year meant to keep property tax increases at 4 percent. The cap, though, exempted costs for state-aid cuts, health care, debt and pension contributions, so it wasn't a strict limit.

The 5.4 percent boost is the lowest since a 4.5 percent increase in 2003. Property taxes rose 7.2 percent in 2004 and 2005 and by 7 percent in 2006.

Local officials Tuesday were more concerned with the municipal aid.

"We are a skeleton operation, and this is absolutely devastating to us," said Highland Park Mayor Meryl Frank, where the aid cut of \$176,537 represents 4 tax points.

"We're not allowed to raise it (the budget) four tax points, and this is more than four tax points."

"This is beyond a crisis," she said. "It's not a rock and a hard place, there is no blood left in this stone."

"This is unconscionably unfair to the taxpayer," said Mayor Kennedy O'Brien of Sayreville. The borough's aid was cut by \$544,945.

"The budget process this year is one of the most exacting and difficult processes I've been through in the last 11 years" said O'Brien. "The state has forced us over the years to use our savings, and continues to transfer financial obligations to the municipalities, increasing their expenses." He said it puts the municipalities in a "financially precarious situation."

"It's obviously very disappointing," said Carteret Mayor Daniel J. Reiman. "Carteret is a middle-income, working-class community, and it's not going to be easy to absorb this kind of cut."

Carteret went from \$3.58 million to \$3.27 million, almost a 9 percent reduction.

"This is a big hit to my taxpayers and my residential base. The rest of the community is made up of industrial areas, a lot of the corporations will be able to absorb that, but residential taxpayers will take the hit.

"Bottom line, it's going to impact and cut services, there's no way around that," Reiman said. "For us to get a cut like this is going to have a ripple effect."

"One of the things that's extremely disappointing is that they're cutting Homeland Security aid."

Carteret had been identified as an area of concern because of its combined port access, heavy industrial and chemical operations, rail access, and Turnpike proximity, yet funding for homeland security will be cut by \$90,000 this year.

"I'm not happy. It comes down to a hard fact that you have to cut services or you raise taxes," said Metuchen Mayor Tom Vahalla. Metuchen lost \$186,448 or 2 tax points. "Our budget is bare-bones. There is no fat in our budget."

North Brunswick saw its aid dip about \$463,000 from the amount the township got last year.

Mayor Francis "Mac" Womack said the 7.6 percent decrease represented about 2 tax points.

"It's going to have an immediate, potential undesirable effect," he said. "The town either has to cut services or find ways to raise money."

While Womack said Corzine's budget address reflected responsible and needed fiscal stewardship, he still expressed disappointment that state-mandated services provided by municipalities come without requisite state funding.

"Trying to say that the level closest to the people is the one that needs to make the most serious quality-of-life decisions is not in my opinion the best public policy" he said. "The state is trying to pass these things on to us in their belief that cutting state funds will eventually cut property taxes."

With a proposed allocation of \$5,356,238, East Brunswick stands to lose more than \$497,000 in municipal aid from 2007. The township introduced its 2008 municipal budget last week, and Finance Director L. Mason Neely said the loss, which is more than he expected, will impact the property tax levy.

"This is bad news for everybody based upon Governor Corzine's presentation," he said.

When asked about the last time state aid went down, Neely said it has essentially gone down every year in the form of flat funding. He noted that Corzine's allocations aren't final and said the League of Municipalities will work "to see what can be accomplished."

"It's a question of distribution of resources, and now the Legislature will have to look at this and see if they agree, and if they have any reductions or changes in what he proposes," Neely said.

New Brunswick's aid declined \$1.18 million, the equivalent of about 1.7 percent of the city's \$70.14 million 2007 budget. City officials did not return requests for comment regarding the 7 percent dip in aid since last year.

Edison lost \$931,952 from last year's total aid of \$20,931,655.

Mayor Jun Choi said: "It's going to look horrible, but we have been actively downsizing our government over a long period, so we are not detrimentally affecting services."

In Dunellen, which saw its state aid cut to \$662,567, down from \$977,539, Borough Clerk and Administrator Bill Robins said the cuts were worse than expected.

"I think it's a great surprise," he said. "Nobody could expect this."

"There will be a reduction of services," Robins said. "It will affect staffing. It will affect the borough's ability to serve our residents. It's a lot of money."

Mayors Gloria Bradford of Milltown, Barry Zagnit of Spotswood and Anthony LaMantia of Jamesburg criticized Corzine for his attitude about small municipalities.

"It's ridiculous that he's treating the small towns as second-class citizens," LaMantia said. "The cuts in state aid of about \$200,000 would mean an increase of an additional 8 cents per \$100 of assessed value on the municipal budget."

Zagnit agreed.

"I'm very distressed by the loss of this aid," Zagnit said. "It is absolutely wrong to try and solve problems of the state on the backs of small municipalities. This 45 per cent loss in state aid adds an additional \$126.02 in municipal taxes to the owner of a home assessed at the average value of \$253,451."

Spotswood's aid decreased from \$1,155,891 to \$782,119, a loss of \$373,772.

Milltown, with about 7,000 residents, will receive \$410,990, a reduction from 2007 of about \$260,000, or 38 percent.

Bradford said she was expecting a cut after the governor's budget proposal, but called the reductions "unfair and cruel" to small municipalities, adding that it was "almost like no taxation without representation."

"Why should people in the small town get penalized any more than people in the big towns?" she said. "I think it's a personal prejudice of this governor."

Defending small municipalities, Bradford said "there are many efficiencies in a small town that they don't have in big towns. We're much more capable of watching each dollar that's spent," she said. "Our government employees do more than one job."

Linden will be receiving about \$770,933 less in total formula aid, which is almost equal to 3 tax points, according to Alexis Zack, city treasurer.

She said it seems the city is not receiving municipal property tax assistance aid as it had in 2007 and homeland security assistance is being reduced by \$140,000.

She said the city's state aid had been level for the past five to six years.

Zack said she's preparing to meet with the City Council's Finance Committee and plans to discuss the loss of aid with the committee. She said it may mean the city will have to take another look at the budget and meet with department heads again to further keep operating expenses down and reduce positions where possible.

Linden plans to introduce its budget next month, she said.

Rahway appears to be losing about \$420,000 in state aid, based on the figures released Tuesday by the state Department of Community Affairs.

Business Administrator Peter H. Pelissier said the city may be able to absorb some of the loss with retirements and perhaps buy outs of employees about to retire.

In addition, he said Rahway is fortunate that with many redevelopment projects under way, some will come on line this year, paying taxes and fees.

Pelissier said Rahway also is considering consolidating some operations to cut costs.

In Old Bridge, township Finance Director Himanshu Shah said the cut of \$695,673 represents a potential tax hike of 2 cents per \$100 assessed value. "We're on a fiscal year, so we're in the process of preparing this year's budget. We'll have a better idea of how it's going to impact us in May, June or July when we've got the overall budget prepared."

Other mayors were less worried about the cuts.

Perth Amboy Mayor Joseph Vas said he had not seen the figures but didn't think the total formula aid would affect the city right now, because Perth Amboy's budget is based on a fiscal year rather than a calendar year.

The figures show Perth Amboy will get \$10,903,250 in total formula aid for 2008, which is about \$907,000 less than the aid received in 2007.

Vas said the extraordinary-aid figures which will impact the city's budget don't come out until September.

"I'll have to take a look at it," said Vas, who was preparing to deliver his State of the City address in Spanish Tuesday evening.

Mayor Frank Gambatese of South Brunswick, which lost \$421,027 in aid, said although there's a decrease in state aid from last year, it's nothing too worrisome. "The worst that could happen is that we would have to raise the budget by one penny, so it's not overly dramatic."

South Amboy Mayor John T. O'Leary, whose city's aid was cut by \$173,595, said officials there anticipated the loss. "We've had a multitude of meetings already to discuss these issues. We're going to have to do government differently. We're going to have to work smarter. We're going to have to look at every means to deliver quality services to the residents of the city of South Amboy."

"Everything is on the table — consolidation, privatization, interlocal services," he added. "We're going to deliver services to each and every resident so that every property owner is paying their fair share in a cost-effective manner."

O'Leary said the state needs to change its policies to give the municipalities relief, particularly the early-retirement program.

Woodbridge dropped to \$29.8 million in state aid, a reduction of \$1.44 million from last year.

Woodbridge Mayor John McCormac reacted calmly.

"It's only preliminary," said McCormac. "I'm sure our state legislators will fight to restore our municipal aid to last year's level. We certainly don't expect an increase in tough budget times, but we hope to break even."

"It's too early in the process to get worried," he said, adding "We have a lot of development going on, so we might get some tax money in to compensate for this."

Franklin Township saw its aid cut by \$520,000.

"I'm not surprised, seeing the budget message and that the state is broke, but I'm disappointed," said Mayor Brian Levine. "It's just again how the state raises property taxes by pushing expenses and cutting services to municipalities — and we're the last in the chain. We can't turn to anyone else, so either they have to cut services or raise taxes. It's just one of many examples of how it happens."

He added, "I'm glad we're getting something, but we should be having property-tax relief — it just keeps moving backwards."

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