

**Outline of Comments by Wilda Diaz, Jr., Mayor, City of Perth Amboy and Deputy Chair
of the League of Municipalities Management Reform Committee**

S-2937

**Presented to Senate Budget and Appropriations Committee
Thursday, June 16, 2011**

Mr. Chairman and Members of the Senate Budget and Appropriations Committee thank you for the opportunity to appear before you today.

- Contrary to the League's request last year the 2% tax levy cap was instituted without attention being given to reducing costs to municipalities
- Fully 70% of local government costs are tied up in personnel and personnel related expenses.
- Prime drivers of these costs are pension and health insurance costs.
- Employees and retirees depend on these benefits. These promises made by State government must be met –
 - We cannot allow the systems to go bankrupt.
 - We cannot impose greater costs on our taxpayers as they cannot afford the taxes they pay now as it is.
 - While respecting collective bargaining, we cannot negotiate as the house is burning down.
 - Action is needed now.
- Without control being placed on these ever growing expenses, municipalities will not be able to provide the services that citizens demand
- Mayors and administrators represented by the League fully support actions of the Governor and the Legislature that will control and hopefully reduce these costs.
- Municipalities need relief and it must be provided now.