

August 30, 2006

Governor Jon S. Corzine
New Jersey State
Office of the Governor
PO Box 001
Trenton, NJ 08625

Dear Governor Corzine:

The Southern New Jersey Development Council (SNJDC), for 55 years the leading advocate for sustainable economic development and business growth in the southern region of New Jersey, is pleased to share with you the viewpoints of our organization concerning the examination of New Jersey's property tax system now being conducted by four joint committees of the legislature.

On behalf of the more than 300 public and private sector organizations and 1,200 individuals who are members of the SNJDC, individuals and organizations who lead the region and number many of the region's most important decision makers, we are sharing this letter with you as Governor and with the chairs of the four joint committees.

The SNJDC understands that the committees are working diligently through the summer and will continue their work into the fall with the goal of bringing forward a set of recommendations and solutions to halt the economic death spiral of out-of-control property taxation.

To assist this undertaking the SNJDC takes the opportunity of this letter to voice its concerns and viewpoints with regard to the core principles that we believe should guide the work and the ultimate recommendations of each committee. We believe that adherence to these principles will be vital in fashioning a program to rationalize New Jersey's property tax system and thereby create a new public funding paradigm to end New Jersey's over-reliance on the taxation of property and seeming inability to control local and school spending.

First, we believe the answer does not lie in tax shifting. Creating new taxes or increasing taxes to shift the burden of public revenue and the mix of public revenue has not worked and will not work now. It would serve only to further depress the prospects for economic expansion on which the future of the South Jersey region and the entire state of New Jersey depend.

Second, the SNJDC believes firmly that there should be no change to Article VIII, Section I, Paragraph 1. (a), which provides for uniform assessment of all property for purposes of taxation. Any change in this bedrock principle of the New Jersey Constitution would undermine the economy of the state, create disproportionate burdens between classes of property, and tend to diminish responsible economic growth and cause business flight from the state.

Third concerning school funding it has recently been reported that the 31 Abbott school districts contain 22 percent of the public school students in New Jersey and that these districts now receive 55 percent of all state aid for education annually. Similarly, 55 percent of the total raised from the taxation of property in New Jersey is for public schools. The SNJDC believes the key word here is proportionality. The state should develop a system of school aid that meets the needs of all school districts and all public school children in a way that delivers a fair proportion of school aid to all. Determining how this is to be achieved is the burden of the legislature and the governor, but the SNJDC believes any school funding solution must reflect and serve the broad principle of proportionality because the investments we make today in public education and higher education will determine the kind of workforce we have tomorrow to sustain and expand our economy.

Fourth with regard to public employee benefits, the SNJDC believes it is time and that it is now essential that public employee health, welfare and retirement benefits and systems be aligned with those in the private sector. The private sector can no longer sustain a public employee benefit system that cannot be afforded by private industries and businesses for their own workforces. Public employees must accept higher shares of the cost of health coverage and health care, for example in higher co-pays comparable to those now experienced in the private sector, and, above all, public retirement systems in New Jersey must move promptly from defined benefits to defined contributions for all new hires.

Fifth, consolidation of school and municipal services to achieve efficiency and fiscal savings is vital to the long-term economic future of New Jersey. Home rule may be a proud tradition but it has balkanized our state to the detriment of public services and the taxpayers who fund those services and have every right to expect them to be efficient. Consolidation and sharing of services should not merely be encouraged but should be mandated using state municipal and school aid as the levers that enforce such mandates.

Thank you for your consideration of these views. The SNJDC hopes and believes that having taken up this challenge and embarked on a journey to seek and achieve meaningful reforms in New Jersey's system of property taxation, the legislature will be up to the task and will bring forward a sensible program to accomplish the public objective and thereby create fertile ground for responsible economic growth and development in South Jersey and throughout the state.

Sincerely,

Marlene Z. Asselta, President
SNJDC