



OFFICE OF THE GOVERNOR

NEWS RELEASE

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GOVERNOR TARGETS EIGHT PERCENT CUTS FOR CURRENT FISCAL YEAR

-Challenges Mayors to Find Ways to Implement Real Property Tax Relief

ATLANTIC CITY -- Governor Jim Florio today told mayors and other local elected officials from throughout the state that he has told members of his Cabinet to look for ways to implement cuts of up to eight percent in their budgets for this fiscal year.

"You may have heard how I've previously directed the cabinet to submit budgets for next year that are cut by eight percent. Today I am announcing that I've directed all members of my cabinet to take a hard look at how we can accelerate those cuts -- so we don't have to wait until the next budget year."

"We need to start saving money right away. Not just talk about it," said the Governor, during the annual League of Municipalities Convention.

"This reduction may result in layoffs of some state workers. On a personal level no one should be happy about that. But we also must recognize what the people have made clear: the state can and must get by with less."

The Governor then issued a challenge to the mayors group to make sure residents get property tax relief, from state programs that take effect next year. "We're going to do our part in Trenton," he said, citing the state takeover of welfare and social service programs as well as the additional \$1 billion in school funding aid now paid for by county and local taxpayers.

"We're initiating the largest property tax relief program in New Jersey history. All this means more relief for homeowners and tenants who really need it. But I need your help," said Governor Florio.

"But today, I am issuing a challenge to you to join with me to keep local spending down. Property taxes soared by 103 percent during the last decade. That's intolerable. It destroys communities and drives people out of neighborhoods they helped build."

The Governor asked the mayors of the approximately 400 communities that will receive additional permanent school funding to see that "some of that money is used to reduce property taxes."

But he issued another challenge as well: consider the merits of regionalization. "Already there are hundreds of joint operations," said the Governor citing joint libraries, combined police and fire personnel, recycling programs and shared health inspectors.

"I think regionalization will have popular support. People care a lot more that they get good services at good prices, than they care about who is actually providing those services," said the Governor.

"With 481 local police departments and 588 school districts, more school districts than Virginia, Pennsylvania, Maryland, and Delaware combined," he said, "there's much more to do."

- He encouraged them to work together to find ways to save money and meet the people's mandate of making government work with less. "Regionalization is one way," said Governor Florio, "let's find others."

The Governor described his efforts to maintain the state's Triple A bond rating and submit a budget which was actually smaller than that of the previous fiscal year. State budgets had historically grown at the rate of 12 percent each year. The budget for FY'91 grew by only 2 percent, a rate far less than inflation.

But the Governor cautioned that, "Even with these 8 percent cuts, the budget won't be smaller next year. It can't be because the extra money we'll collect through the state income tax will go right back out -- in the form of property tax relief and school funding for urban, suburban and rural communities."

He said that he would like people to start thinking about the state budget as two distinct budgets. "One is the money that comes into the treasury and goes right back out to municipalities and individuals. Money which eases the burden of property taxes and provides good schools.

"The other," he said, "is money used to pay for state employees and state services -- it's called departmental overhead. I'm committed to a reduction in that second budget."

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