

BOROUGH OF RED BANK

COUNTY OF MONMOUTH

RESOLUTION NO. 11- 57

**RESOLUTION CALLING ON THE STATE LEGISLATURE AND THE GOVERNOR TO
EXEMPT THE RESERVE FOR UNCOLLECTED TAXES FROM THE 2% CAP**

Mr. Murphy offered the following resolution and moved its adoption:

WHEREAS, on July 13, 2010, Governor Christie signed into law P.L. 2010, c. 44, which reduced the cap on the property tax levy from 4% to 2% and limited the number of exemptions; and

WHEREAS, when the property tax levy was reduced, the exemption for the Reserve for Uncollected Taxes was removed; and

WHEREAS, in addition to collecting property taxes for its own operations, the municipality also serves as the collection agent for the county, school districts, fire districts and other special local entities; and

WHEREAS, the municipality must provide those entities with the full amount they deem necessary for their operations, regardless of the actual collection rate; and

WHEREAS, due to myriad factors beyond local control, the actual collection rate never equals the total local levy, especially during an economic downturn, when unemployment soars and property values plummet, causing an increase in tax appeals, which the municipality must defend and which subject the municipal budget to further losses, when successful; and

WHEREAS, to account for the shortfall and potential losses, State law requires the municipality to budget an appropriation in a line item known as the Reserve for Uncollected Taxes, which is generally determined through a formula driven calculation in which the variables change year to year; and

WHEREAS, without a levy cap exemption, municipalities will be forced to further cut their own operations, in order to meet the 2% tax levy cap to provide the county, school districts, fire districts and other special local entities the full amount they deem necessary for their operations; and

WHEREAS, those other local entities, which do not have to budget for collection rate short-falls or the impact of declining property values, have been granted levy cap exceptions to address factors beyond their control; and

WHEREAS, Assemblymen McKeon and Burzichelli have introduced A-3603, which excludes increases in appropriations to the Reserve for Uncollected Taxes in excess of two percent, from calculations of the municipal adjusted tax levy;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Red Bank hereby to urge the swift passage and signing of A-3603;

BE IT FURTHER RESOLVED that consideration also be given to providing a levy cap exception to account for the impact of tax appeals on local operations; and

BE IT FURTHER RESOLVED that copies of this Resolution be forwarded to each of the following: New Jersey Governor Christopher Christie, Senate President Stephen Sweeney, Senate Minority Leader Thomas Kean, Jr., Assembly Speaker Sheila Oliver, Assembly Minority Leader Alex DeCroce, State Senator Jennifer Beck, Assemblywoman Caroline Casagrande, Assemblyman Declan O'Scanlon and the New Jersey League of Municipalities

Seconded by Mr. DuPont and adopted on roll call by the following vote:

	Yes	No	Abstain	Absent
Ms. Lewis	(x)	()	()	()
Mr. Zipprich	(x)	()	()	()
Mr. DuPont	(x)	()	()	()
Ms. Horgan	(x)	()	()	()
Ms. Lee	(x)	()	()	()
Mr. Murphy	(x)	()	()	()

Dated: March 16, 2011