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NEW JERSEY POLITICS

Local leaders warn: Your property taxes will rise unless this happens

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TRENTON -- New Jersey's 2 percent cap on police and firefighter arbitration awards must be renewed, or else taxpayers will see their services cut and property taxes rise, local government leaders said Friday.

The cap on awards police and fire unions can win through interest arbitration sunsets at the end of the year. New Jersey mayors and county freeholders argued at a Statehouse news conference that the ceiling is one of the most effective tools to keep them within a state-mandated 2 percent cap on increases in spending.

A report on the interest arbitration cap is due by the end of the year. But local officials say they need to know, as they're building their budgets for next year, that they won't be sabotaged by higher arbitration awards if the cap isn't extended.

Employers and labor groups head to arbitration when they deadlock over contracts.

In the decades before the cap was installed, arbitration awards ranged from 2 percent to nearly 6 percent. Since 2011, independent arbitrators have been limited to awarding annual raises up to 2 percent.

The law was extended a first time in 2014 without a single vote against it.

Proponents credit the cap with helping to slow the growth of the highest property taxes in the country, though opponents note that most contracts are settled through negotiations. Last year, the average property tax bill in New Jersey was \$8,549.



New Jersey has twin caps on arbitration awards and annual increases in local government spending.

"Interest arbitration is one of the tools we were handed when we were given the 2 percent tax levy (cap)," said James Perry, president of the New Jersey Conference of Mayors.

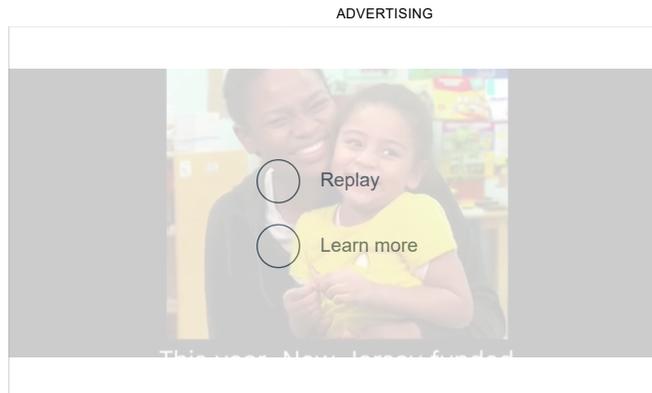
Without the limits on arbitration, officials said they may cut spending on non-mandated services or tinker with the exceptions baked into the 2 percent levy cap that allow them to push the spending up by more than 2 percent.

The local leaders echoed Gov. Chris Christie, who earlier this week urged that the bill not be allowed to sunset and said he would sign a bill during the lame-duck session following Election Day, but leaders of the Democratic-controlled Legislature are waiting on instructions from their Democratic nominee for governor, Phil Murphy, Christie said.

The governor and his lieutenant governor, Kim Guadagno, the Republican candidate for governor, have criticized Murphy for withholding his support until he sees the results of the impact study.

But John Donnadio, executive director of the New Jersey Association of Counties, said local officials aren't waiting on Murphy.

"We want this governor and this Legislature to sign this bill into law now," he said.



Patrick Colligan, president of the New Jersey State Policemen's Benevolent Association, later responded that proponents are holding down property taxes on the backs of police officers and firefighters.

"The fact that they seem to think this is the biggest tool to control property taxes just tells me they're not putting any energy into anything else, he said. "We were told when it first went in that it was a temporary cap, and now it seems to be the only answer for the growth in property taxes in the state of New Jersey.

"I can't believe that this is the be all and end all to reduce taxes."

Arbitration awards were naturally coming down in the years leading up to the cap -- average salary awards were between 2 percent and 4 percent -- as arbitrators were already bound by a municipality's finances and ability to pay, Colligan said.

NJ Advance Media Reporter Matt Arco contributed to this report.

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