



From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Wednesday, July 22, 2009 3:58 PM
To: Lashway, Lisa
Subject: From NJLM-State Health Benef Plan Prem Increase Approved

LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

July 22, 2009

**Re: State Health Benefits Plan Premium
Increase Approved**

Dear Mayor:

In Trenton today, the New Jersey State Health Benefits Commission approved a 16% premium cost increase for local government active and retired employees. Absent that approval, the SHBP would lack sufficient funding to meet its obligations.

An increase of this magnitude leaves municipalities with no options for quick action. We can either absorb the increase, or we can switch plans. Changes in health plans need to be negotiated with employee unions. "Comparison shopping" would require a minimum of three months work. And putting any change in place would take at least six months. And even then, it might only help if we can get a better rate and if the employee representatives don't object.

The increase will, therefore, need to be absorbed in next year's budgets. Absent State action, it will, inevitably, lead to tax increases and/or service cuts and layoffs.

In just the past twelve months, we have had to deal with the impact of the current recession. As the foreclosure and unemployment rates rise, the tax collection rate falls. And no matter what our collection rate is, remember that the county and the school district will get 100% of the property tax portions they levy. Any declines in the collection rate are borne entirely by the municipality. As the economy stalls, new construction slows with it. We cannot rely on new ratables. As the market and interest rates fall, the rate of return on our reserves falls with them. On top of these challenges, the State has cut municipal property tax relief funding by over \$200 million (over a 10% cut), down from its FY 2008 budget.

Our property taxpayers need to know that their elected officials at all levels of government are working together on helping them through this crisis. We have previously asked State leaders to consider providing property tax relief through mandates relief. We repeat that request and we are willing to consider any workable alternatives.

Please contact your State Senator and your Representatives in the General Assembly and urge them to support efforts to promote property tax relief through mandates relief. Only fast action in the Lamé Duck session after November's elections will help our people in 2010.

For more information, contact Jon Moran at 609-695-3481, ext. 121.

Very truly yours,

William G. Dressel, Jr.
Executive Director

NJLM
222 West State Street
Trenton, NJ 08608

▪