



From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Tuesday, July 28, 2009 4:27 PM
To: Lashway, Lisa
Subject: From NJLM-Two Mayors Ltrs

LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

July 28, 2009

**Re: I Update on PT-10 Forms and
Telecommunications Taxes**

**Re: II Economic Stimulus & 2.5% Non-Residential Fee
Moratorium**

Re: I. Update on PT-10 Forms and Telecommunications Taxes

Dear Mayor:

It just keeps getting harder and harder for local officials to balance their budgets without draconian cuts in services or further property tax hikes.

In September, 50-60 municipalities will learn that they will not be receiving any Business personal Property Taxes from Verizon next year. The company has interpreted a State Law to exempt it from submitting the PT-10 Forms, which report Business Personal Property Taxes due from Verizon.

In September 2010, another 150 municipalities are expected to lose this revenue (Source: GFOA member letter July 8, 2009). This follows the precedent started last September, when five towns lost Verizon Business Personal Property Taxes.

This loss of municipal revenue will continue to get worse unless the State's telecommunications tax structure is modernized. Municipalities have already lost \$50 million in the past ten years and the potential revenue loss will accelerate going forward (Source: NJ Tax and Fiscal Policy Study Commission, draft report).

The Legislature needs to modernize New Jersey's telecommunications tax code now, before municipalities suffer complete loss of telecommunications tax revenue. Accordingly, we urge you

to contact your state Assembly Representatives and Senator. Ask them to address this aspect of the property tax mess, before the end of this year. Share the information attached here and tell them the matter is urgent both to recover lost revenue but also to prevent erosion of existing revenue.

For more than three years the League has advocated the modernization of New Jersey's telecommunications tax structure. The League has passed resolutions expressing this need at the annual business meeting, the most recent in November 2008. Following last September's loss to five towns, the League has sought advice on the legality of not filing PT-10 forms. One of the five towns, Hopewell, has initiated a suit to force the filing of the PT-10.

In May 2009, the League appeared before the State Tax and Fiscal Policy Study Commission to present testimony on the effect of this eroding tax revenue and prospects for future modernization of the tax code. We are awaiting a final report from that Commission. Please go to <http://www.njslom.org/telecom-tax-resource-center.html> for a copy of a full League report to the commission outlining the current problem and cautioning against simple solutions. A major concern is State collection of this municipal revenue. Any solution going forward must not result in diversion of municipal revenues to the state coffers.

Please review this information. Share it with your administration team, finance officer, assessor, and attorney. Talk to them and learn the impact on your town if no PT-10 is filed. Then talk with your state legislators and ask them to address the need to modernize New Jersey's telecommunications taxes.

Very truly yours,

William G. Dressel, Jr.
Executive Director

For a copy of NJLM report to State Tax and Fiscal Policy Study Commission and GFOA Letter to Members 7/8/09 please go to <http://www.njslom.org/telecom-tax-resource-center.html>

Re: II. Economic Stimulus & 2.5% Non-Residential Fee Moratorium

Dear Mayor:

Yesterday, we wrote you about the Governor signing into law the A-4048/S-2299, "the Economic Stimulus Act of 2009." Our letter indicated that we anticipated a letter from the Department of Community Affairs on the new law, specifically regarding the implement of the 2.5% fee and reimbursement.

The DCA letter is now available online at:

<http://www.state.nj.us/dca/affiliates/coah/regulations/nrdf/notice.pdf>

It should also be sent to you via GovConnect.

For more information, please see our Dear Mayor letter of July 27.

Very truly yours,

William G. Dressel, Jr.
Executive Director

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