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From: NJLM - Municipal Clerks [mailto:njlm-clerks@cityconnections.com]
Sent: Tuesday, January 06, 2009 3:35 PM
To: Lashway, Lisa
Subject: Municipal Clerks from NJLM

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LEAGUE ALERT

Municipal Clerk: Please forward to Mayor and Governing Body.

January 6, 2009

Re: Governor Proposes FY '09 Funding Cuts

Dear Mayor:

As a part of New Jersey's FY '09 'mid-course correction' spending cuts, which will total $2.1 billion, Governor Jon S. Corzine has announced new reductions of more than $15 million in Special Municipal Aid and Extraordinary Aid. These come on top of relief cuts included in the budget signed in June. (You can access all of the proposed cuts at http://www.state.nj.us/treasury/news/2009/p090105a.pdf.)

Absent direct funding from Washington in the next economic stimulus package, the Governor's pension deferral legislation could be the only form of property tax relief available to the citizens of many municipalities in 2009.

From FY 2008 funding levels of $153 million (Special Municipal Aid) and $34 million (Extraordinary Aid), the FY 2009 Appropriations Act, as signed by the Governor in June, deducted $10 million and $9 million, respectively. The further cuts of $15 million, which the Governor announced today, will bring aggregate FY 2009 Special Municipal Aid and Extraordinary Aid losses to $34 million.

Special Municipal Aid is provided to municipalities faced with structural deficits, wherein essential service demands exceed the ability of the resident property taxpayers to support. Extraordinary Aid provides short-term assistance to municipalities experiencing a catastrophic loss of tax ratables or other fiscal difficulties. About 39 municipalities, whose budget cycles coincide with the State's fiscal year have requested Extraordinary Aid. These are the

municipalities whose property taxpayers will bear the brunt of these Extraordinary Aid cuts.

Confronting a devastating economic crisis, in 2009 the State must work along with mayors, to solve our State's fiscal problems. The last thing New Jersey needs is any more lay-offs. A rising unemployment rate will have negative consequences for all of us. The next to last thing we need is excessive property tax increases. But if lay-offs and/or tax increases are necessary, we need to work together to minimize their impact on the people we are sworn to serve.

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

Very truly yours,

William G. Dressel, Jr.
Executive Director

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