



MAYOR GERRY TARANTOLO
(FOR THE OCEAN COUNTY MAYORS
ASSOCIATION) – 6/29/10)

- PROPERTY TAX REFORM - NJLM STEERING COMMITTEE OBJECTIVE

- “REMOVE EDUCATIONAL FUNDING COMPLETELY FROM THE PROPERTY TAX. THIS WOULD REDUCE PROPERTY TAXES BY 50 – 60%. FUND EDUCATION BY RE-ALLOCATING FUNDS FROM OTHER MAJOR REVENUE SOURCES SUCH AS INCOME TAX, SALES TAX, CORPORATE TAX, LOTTERY AND CASINO TAX, ETC.” THE STATE WOULD ASSUME FULL RESPONSIBILITY FOR EDUCATIONAL FUNDING.**
- MAKE EDUCATIONAL FUNDING ACHIEVEABLE THROUGH A PROGRESSIVE TAXING SYSTEM, I.E. ABILITY TO PAY.**

FUNDING EDUCATION IN NEW JERSEY – 2008-09

BASIC REVENUE SOURCES

- **TOTAL COST OF EDUCATION = \$23.1B**
- **FEDERAL AID = \$762M (3.3% of total) [national average = 8.8% and NY and PA rec'd = 7.3%]**
- **STATE AID TO LOCAL SCHOOL DISTRICTS = \$11.5B (49% of total)**
- **FEDERAL + STATE AID = \$12.3B**
- **BALANCE OF EDUCATION BILL PAID VIA PROPERTY TAXES = \$23.1 - \$12.3 = \$10.8B (47%)**
- **TO ACHIEVE OUR OBJECTIVE, \$10.8B WOULD HAVE TO BE MADEUP FROM OTHER REVENUES:**
 1. **INCOME TAX = \$12.93B**
 2. **SALES TAX = \$8.71B**
 3. **CORPORATE/BUSINESS TAX = \$2.46B**
 4. **TOLLS,CASINO,LOTTERY = \$ 8.4B**
 5. **Total = \$32.5B**

OTHER APPROPRIATIONS RELATED TO PROPERTY TAX RELIEF

- **BUDGETED PROPERTY TAX RELIEF WOULD NOT BE REQUIRED = \$3.3B**
- **THE BALANCE OF TOTAL EDUCATIONAL COST WOULD BE \$10.8B LESS \$3.3B OR \$7.5B**
- **TO IMPLEMENT OUR OBJECTIVE, \$7.5B WOULD HAVE TO BE GENERATED VIA THE DESIGNATED REVENUE SOURCES**

LEADING REVENUE SOURCE CANDIDATES FOR REPLACING PROPERTY TAX EDUCATIONAL FUNDING

- **STATE INCOME TAX SURCHARGE IMPOSED ACROSS THE BOARD ON ALL FILIERS BASED ON ABILITY TO PAY**
- **FEDERAL GOVERNMENT'S CONTRIBUTION TO NJ SCHOOL FUNDING ONLY 3.3% WHERE NATIONAL AVERAGE = 8.8% (NY & PA = 7.3%) – NJ WOULD RECEIVE \$1B MORE IF THEY REC'D 7.3% LIKE NY & PA.**
- **CORPORATION AND BUSINESS TAX (BUSINESSES TAKE A DOUBLE HIT AND WOULD REALIZE PROPERTY TAX RELIEF BY MOVING TO THIS APPROACH)**
- **UPWARD ADJUSTMENT TO SOME OTHER TAXES (SALES, LOTTERY, CASINO) TO SUPPORT EDUCATION**
- **REALLOCATION OF EXISTING REVENUES COULD MAKE UP THE \$7.5B SHORTFALL**

NJ 2009 BUDGET APPROPRIATIONS FOR EDUCATION AND PROPERTY TAX RELIEF

- STATE EDUCATION AID = \$11.5B
- PROPERTY TAX RELIEF = \$3.3B
- THESE TWO APPROPRIATIONS TOTAL \$14.8B
- THE COST OF EDUCATION IN NJ IN 2009 = \$23.1B (BUDGET AND PROPERTY TAX)
- THE AMOUNT OF REVENUE NEEDED TO MAKE UP THE DIFFERENCE IS **\$7.5B**

PROPERTY TAX PAID BY LOCAL BUSINESS

TAX COMPONENT	MACYS	MONMOUTH MALL
MUNICIPAL	\$135,250	\$954,865
COUNTY	\$70,000	\$497,730
LOCAL SCHOOL	\$147,250	\$1,039,585
REGIONAL SCHOOL	\$92,750	\$654,815
TOTAL	\$445,250	\$3,146,995

NJ EDUCATION SCHOOL FUNDING IN THE FUTURE

- **USE THE 2006 JOINT LEGISLATIVE COMMITTEE ON SCHOOL FUNDING REFORM RECOMMENDATION**
- **NEW FUNDING FORMULA IS BASED ON A WEIGHTED COST PER PUPIL ALGORITHM**
- **THE CONCEPT WAS DEVELOPED BY EDUCATORS**
- **NJ DEPT. OF EDUCATION ENDORSED THE CONCEPT IN 2007**
- **APPROVED BY THE COURTS WHEN APPLIED TO ABBOT DISTRICTS**

**-PROPERTY TAX REFORM -
JOINT LEGISLATIVE COMMITTEE ON SCHOOL FUNDING REFORM
COST PER PUPIL METHODOLOGY PER 2006 REPORT**

GRADE LEVEL	BASE COST	WEIGHT
ELEMENTARY SCHOOL	\$9649	1.00
MIDDLE SCHOOL	\$10,035	1.04
HIGH SCHOOL	\$11,289	1.17
VOCATIONAL SCHOOL	\$14,789	1.31

**THEORETICAL SCHOOL DISTRICT K-12
BUDGET PREPARATION – 1000 PUPILS - USING JOINT
LEGISLATIVE COMMITTEE’S METHODOLOGY**

STUDENT TYPE	# OF STUDENTS	WEIGHTED COST	BUDGET COST
ELEMENTARY	400	\$9,649	\$3,859,600
MIDDLE SCHOOL	200	\$10,035	\$2,007,000
HIGH SCHOOL	400	\$11,289	\$4,515,600
TOTAL			\$10,382,200

NJLM TAX REFORM STEERING COMMITTEE PLAN OF ACTION

- **16 MAYORS SERVE ON THE STEERING COMMITTEE**
- **AT 2009 ANNUAL CONFERENCE A RESOLUTION WAS PASSED IN SUPPORT OF THE TAX REFORM CONCEPT.**
- **TO DATE 150 PLUS MAYORAL SIGNED STATEMENTS OF SUPPORT HAVE BEEN OBTAINED.**
- **THE STEERING COMMITTEE HAS UNDERTAKEN AN EFFORT TO PARTNER WITH OTHER NJ STAKEHOLDERS.**
- **TO DATE THE FOLLOWING HAVE AGREED TO WORK WITH US TOWARD ACHIEVING OUR GOAL or for Information Only:**
 1. **NJEA**
 2. **NJSBA**
 3. **NJCC (Information/Resource Only)**
 4. **Senate President Sweeney's Staff (Information Only)**
 5. **NJ Tax/Fiscal Policy Study Commission**
 6. **Senators O'Toole, Bucco. Oroho, Pennaccio (Information Only)**
 7. **Education Commissioner – Bret Schundler (Information Only)**
 8. **Assemblymen Greenwald and Bucco**

NJLM TAX REFORM STEERING COMMITTEE

Members:

Art Ondish
Bill Dressel
Dan Coranoto
Fred Dressel
*Gerry Tarantolo
**Gary Passanante
James Cassella
Jerry Fried
Jon Moran
Louise Wilson
Mike Fressola
Robert Bowser
Ron Sworen
Suzanne Walters
Wayne Smith
Jack Tarditi
Millard Wilkinson, Jr.
Ernie Reock
Eve Langer

Mayor of:

Mt. Arlington
NJLM
Hampton Twp
Moonachie
Eatontown
Somerdale
East Rutherford
Montclair
NJLM
Montgomery
Manchester Twp
East Orange
Frenchtown
Stone Harbor
Irvington
Former Mayor of Haddonfield
NJLM Past President and Former Mayor of Berlin
Advisory
Facilitator

* denotes Chair ** denotes Vice Chair

NJLM TAX REFORM STEERING COMMITTEE PLAN OF ACTION (CONT'D)

- **OTHER POTENTIAL SUPPORT MEETINGS ANTICIPATED ARE:**
 1. **NJBIA**
 2. **LT. GOV. – KIM GUADAGNO (INFORMATION ONLY)**
 3. **NJ ASSEMBLY LEADERSHIP**
- **ONCE OUR PARTNERS HAVE BEEN ESTABLISH, WE WILL GET TO THE BUSINESS OF OUR OBJECTIVE, I.E. REMOVING EDUCATION FUNDING FROM THE PROPERTY TAX.**
- **DEVELOP EXAMPLES OF HOW ALTERNATE FUNDING SOURCES CAN ACHIEVE EFFECTIVE THOROUGH AND EFFICIENT EDUCATION IN NJ BY STATE GOVERNMENT.**
- **DEVELOP LOBBYING STRATEGIES TO CONVINC OUR GOVERNOR AND LEGISLATORS THAT THIS IS THE WAY TO PROCEED TO EFFECTIVELY FUND EDUCATION IN NJ USING THE NEW FUNDING REFORM CONCEPT**

CONCEPTUAL BENEFITS USING THIS METHOD OF PROPERTY TAX REFORM

- **ELIMINATE THE ADMINISTRATION OF REBATES – NO REBATES**
- **SCHOOL BUDGETS BASED ON LOADED COST PER STUDENT AND ACTUAL STUDENT POPULATION**
- **STATE WOULD DISSEMINATE BUDGET FUNDING BASED ON ENROLLMENTS WEIGHTED FOR STUDENT NEEDS AND DEMOGRAPHICS**
- **NO MORE DEFEATED BUDGETS**
- **NO NEED FOR CUSTODIAN OF SCHOOL MONIES**
- **ONE OR REGIONAL STATE TEACHER'S CONTRACT**
- **NO MORE STATE MANDATES PLACED ON LOCAL BOARDS**
- **STATE CAN EXERT GREATER CONTROL ON EDUCATIONAL SPENDING**
- **EVERYONE PAYS THEIR FAIR SHARE FOR EDUCATION, I.E. HOMEOWNERS, TENANTS, AND BUSINESS**
- **LOBBY FOR MORE FEDERAL SCHOOL FUNDING – 3.3% IS NOT ACCEPTABLE**
- **STOP THE EXODUS FROM NJ AND CREATE A STABLE TAX BASE AND ELIMINATE LOST TAX REVENUE**
- **CONSISTENCY AT LAST AND IT'S CONSTITUTIONAL...ETC.**