
Commission Meeting

of

JOINT LEGISLATIVE COMMITTEE ON GOVERNMENT CONSOLIDATION AND SHARED SERVICES

Assembly Bill No. 50; Assembly Bill No. 52; Assembly Bill No. 416
Senate Bill No. 864; Senate Bill No. 2244
Senate Joint Resolution No. 47
Assembly Joint Resolution No. 69

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: October 4, 2006
10:00 a.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

Senator Bob Smith, Co-Chair
Assemblyman John S. Wisniewski, Co-Chair
Senator Ellen Karcher
Senator Joseph M. Kyrillos Jr.
Assemblyman Robert M. Gordon
Assemblyman Joseph R. Malone III



ALSO PRESENT:

Brian J. McCord
Office of Legislative Services
Committee Aide

Patrick Gillespie
Julius Bailey
Senate Majority
Hannah Shostack
Kate McDonnell
Assembly Majority
Committee Aides

Rosemary Pramuk
Nicole DeCostello
Senate Republican
Thea M. Sheridan
Marianne L. Ingrao
Assembly Republican
Committee Aides

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ASSEMBLYMAN JOHN S. WISNIEWSKI (Co-Chair):

Good morning.

Welcome to the -- I don't know -- the sixth addition of the Committee on Consolidation and Shared Services.

Members, please take your seats.

Senator Smith and myself are co-chairing today. I'm going to be moderating the panel.

We have a number of bills that are on our agenda. And the purpose for putting those bills on the agenda this morning is to lay out, for all of you, some of the broad concepts that this Committee is looking at, based on the testimony we've heard. The Committee is not going to take action on any of the bills today. But we want to understand, from everyone who's testifying today, how they view these concepts, what particular thoughts they have, what type of feedback they'd like to provide the Committee; so that when the Committee moves forward with its deliberations and ultimately gets to preparing legislation, we'll have benefit of your input today.

I'd like to start by calling up our governmental representatives, starting with -- and I'd like to have them come up as a group -- from the New Jersey League of Municipalities, Bill Dressel and Greg Fehrenbach. We have enough chairs, so I'd like to also have the New Jersey Association of Counties, John Donnadio and Douglas Cabana; and from the New Jersey Conference of Mayors, Ron Sworen, who is the Mayor of Frenchtown.

Ron, I'm sure there is an extra chair up there somewhere.

I think we're set, Bill.

Since you were kind enough to get up and look for a chair, I'll let you go first.

WILLIAM G. DRESSEL JR.: Oh, thank you, Mr. Chairman.

Members of the Committee--

Is that on? (referring to PA microphone)

ASSEMBLYMAN WISNIEWSKI: Now you are.

MR. DRESSEL: Okay, very good.

Thank you very much for the opportunity to be here to present comments on the legislation before you. I commend you on addressing this issue head on. There's a lot of discussion that's got to take place.

And in my capacity as Executive Director, and as the person who has been, kind of, the focal point of a lot of the media attention on consolidation, and forced consolidation, and regionalization, and interlocal services, I want to say at the outset that the League is not opposed to regionalization; we're not opposed to consolidation, following the existing statute -- the Consolidation Act. We're looking for transparency, we're looking for public input into the process.

There are some basic principles, some specific comments that I'll have Mr. Fehrenbach -- Gregory Fehrenbach -- who joins me, get into some detail -- on all of the bills that are before your Committee, that we have some specific concerns that have been voiced by mayors throughout the state, through our property tax reform committee.

But I think it's important-- You should also know that back in June -- and I know this isn't the subject of today's deliberations, but I wanted to mention that there was a bill, as part of the Assembly Speaker's core reform package on how to reform property taxes. It was A-51, the

Uniform Shared Services and Consolidation Act. And we had been paying special attention to that since last March, when that was initially discussed by his staff.

And I would like the opportunity-- I know that's not on the agenda. But I think it speaks volumes to the point that the League is very much interested in facilitating discussions on these issues. And we have been doing so for the past several months. In fact, we're near resolution on that. So I wanted to bring that to your attention.

ASSEMBLYMAN WISNIEWSKI: Bill, just for your edification, I believe the next hearing that we hold, the Speaker is going to be here to talk about A-51. And, obviously, if you have any input on that, we'd love to have you here, too.

MR. DRESSEL: Thank you, Mr. Chairman.

Mr. Chairman, at this time-- Again, all of the specific recommendations, the specific points on all of the bills before you; with the exception of the bill that we received late yesterday afternoon, the one calling for county referendums on specific services -- we did not have ample time to review that with our committee. But I can go through all the other bills and would be glad to address any questions.

But at this time, I'd like Gregory Fehrenbach, who is the League's Advisor and Consultant on interlocal services-- Greg has about 30 years of municipal management experience, served many towns across this state as a professional manager; past president of the New Jersey Municipal Management Association; was a county administrator up in Warren County. So he's very much aware of the frontline issues involved with interlocal services.

And with your permission, sir, I would like to have Greg speak to you on -- give you an overview of some of the specific concerns we have.

ASSEMBLYMAN WISNIEWSKI: Mr. Fehrenbach.

G R E G O R Y F E H R E N B A C H: Just one correction: it was Sussex, not Warren. But that's in a far part of the state that Bill may not be aware of.

MR. McCORD (Committee Aide): Sir, your microphone. (referring to PA microphone)

MR. DRESSEL: Sorry about that.

MR. FEHRENBACH: That's okay.

To deal with the specific bills in the order in which they were presented-- The first one is Assembly Bill 50. The legislation's intent of using performance standards to increase the productivity and efficiency of providing governmental services should be applauded and supported by this Committee. The International City and County Management Association has been working on this for the past 15 years as a method to achieve just the purposes that it set forth to do.

However, we warn the Committee, and we warn the Legislature, do not mistake a developing science for a proven one. This science needs more development before it can become the basis for determining which governments deserve State assistance and which do not.

The Division of Local Government Services should be provided with the financial and technical resources to develop these performance standards and to test their validity in real-world experiences. Only when this has been accomplished, however, should consideration be given to providing rewards for what is supposed to be proven performance.

The League opposes the elimination of formula-based State aid, as the failure of the State to fully fund these aid programs over the past decade has been a significant contributor to the rise in the property tax. And we'll talk about that a little bit more in the future.

Regarding Assembly Bill 52, which moves fire district elections to November's general election date and affects its budget process, the League supports the inclusion of fire and school district elections with the general election. Not only does it reduce unnecessary duplicative costs, it will also increase the participation of the electorate in the process. We know what the participation levels are now, and there's really nowhere for those participation levels to go but up.

The League supports the utilization of the budget development, consideration, and adoption processes that are set forth in the statute for fire districts as they are now utilized by municipalities. It would now put them on, essentially, the same rhythm. While the League believes that the cap is an arbitrary and artificial method of attempting to control budgets, the inclusion of fire districts with municipalities and counties in the same process at least achieves the objective of uniformity and equity, which I think are two principles that ought to guide a lot of legislation in this area.

Regarding Senate Bill 864, which establishes a program to promote consolidation of municipalities-- As Bill just said to you, we're in support of the consolidation of municipalities. These bills, however, include -- or this bill in particular -- includes certain concerns. First, there are a couple of assumptions that we believe are incorrect. One of those assumptions reads, as a quote from the bill, "One of the greatest impediments to consolidation of municipalities has been difficulties

between property tax rates and assessments of market value ratios of the municipalities that might be logical candidates for consolidation.”

We raise the question: How is this determined, based upon what data, and what analytical techniques were used to come to that determination? Our experience doesn't suggest that that has been a major impediment.

Secondly, the League also objects to another assumption in the bill, which is that, “The regionalization of school districts also benefits property taxpayers by reducing the administrative costs of education, and making the delivery of educational services more efficient.” That is a quote from the bill. It's been clearly shown, unequivocally, in the testimony before this Committee in the past six sessions, that just bringing together school districts is not going to provide true economies of scale. As Professor Yinger testified on all of the research that he has reviewed, that your optimal school district is between 3,000 and 4,000 students -- not schools but school districts. Just to say that by bringing them together is going to yield economies is an assumption we cannot agree with.

Unlike A-51, which provides an alternate procedure to what appears in Senate Bill 864, 864 provides offsetting State payments for increases in the property tax resulting from consolidation to only those residents who are eligible for the Homestead Rebate, and does so by integrating the payment with the rebate program. The rebate program has been decried by both sides of the political aisle in Trenton, of late, as being an inappropriate way to deal with property tax issues. We can't support that provision of this bill. The bill does not provide for a stable funding

source for the program, nor for the supplemental payments that it suggests be made to the eligible recipients.

That said, we do support the incentives for consolidation, which lie at the heart of this bill. But we prefer those that are contained in A-51 to the ones that are contained in 864.

Regarding Senate Joint Resolution 47, which establishes Municipal Alignment, Reorganization and Consolidation Commission to develop a plan to consolidate pairs and groups of municipalities-- The resolution seeks to alleviate the property tax without addressing the issue of school costs. And as we know from the testimony you've received from your own Office of Legislative Services staff, school costs are the majority of the municipal property tax. How much is going to be affected if you're not dealing with the schools issues?

Under the Municipal Consolidation Act, not only does the municipal government need to consolidate, but so do the school districts. A more comprehensive understanding of the way that those two issues interact needs to occur before this solution, as it's currently embodied in the legislation, can be useful.

How would the affected citizens and voters be participants in the process? The resolution appears to ignore these most important of stakeholders. What role do the duly elected representatives -- the local officials -- play in the process? In many cases, they are the most knowledgeable of the impacts of the various potential alternatives that are available.

The current law permits voluntary consolidations of municipal governments. But it contains elements that make it difficult to use. You've

had some of those explained to you in your last session. Open a dialogue with DCA, local officials, the League, and others who have gone through the process to facilitate improvements that will make the process more workable and desirable. The League is presently working with the Assembly Majority staff in an attempt to affect those changes to Assembly Bill 51.

Current law permits the voluntary cooperation of local governments in shared services. Voluntarily, many municipalities have sought increased economies through this mechanism. And you'll have other people who will speak to you about this today.

Regarding these last two points, as I've said, Assembly Bill 51 seeks to improve how municipalities can utilize both the shared services and the consolidation alternatives. We implore you to work with the Speaker and improve the bill so that it's the best that it can be. Further economies will occur. As most of you, I assume, are aware, there presently is a voluntary consolidation going on, and is on the ballot in Maplewood and South Orange. We need to encourage more voluntary consolidations so that they can examine and determine what is right for those particular municipalities.

What are the principal drivers to local governments' increasing costs and the fact that property taxes keep on rising? As anyone who has been working in local government finance since the cap law became effective, almost three decades ago, will highlight-- They will point out the following budgetary elements as being essential reasons for the rising property tax.

On the expense side of the budget, personnel and related costs comprise 70 percent of municipal costs, sometimes more than that.

Legislated collective-bargaining enhancements, such as binding interest arbitration for public safety units and the removal of a school board's ability to impose contract terms, work against the ability to control property taxes. External health insurance increases, and the inability to be able to negotiate health insurance packages that reduce the cost of that to municipal and school employers, work toward rising property taxes and the increasing cost of municipal government. External pension contribution increases do the same, and you've heard enough on that.

On the revenue side of the budget, the lack of State aid matching inflation, and direct or indirect mandated expenses -- such as those I just identified -- have a significant increase on why property taxes rise. Why? Because there is a mathematical imperative. And the mathematical imperative is that when-- Property taxes make up 50 percent of the funding for municipalities. And when all of the other revenues remain static, they don't increase -- and if the budget rises by 3 percent, the property tax has no choice but to rise by 6 percent, because there are no other revenues.

And I believe most of you would think of a budget rising by 2.5 to 3 percent to be reasonable, since probably most of you voted on the bills a year ago, last July, to hold them at that level. But even if you hold them at that level, you still are seeing 6 percent increases in the property tax because the property tax makes up 50 percent of the revenues that they work with.

The League encourages the Committee to seriously and conscientiously consider the following perspectives and actions: Support changes embodied in A-51, as they are now being modified, which will

increase the ability of municipalities to further cooperate on shared services and to consolidate.

Acknowledge and respect that citizens and voters of each municipality have the constitutional right to choose the government they want and reasonably may have justifications, other than financial ones, to reject the idea of consolidation.

Acknowledge that larger does not always mean more efficient, noting that many smaller municipalities strive daily to provide services at a lower unit cost than some larger municipalities are able to do, and those smaller municipalities succeed. They do without services that larger municipalities cannot do without. They use part-time employees and volunteers. They do not provide enviable salaries and benefits to their employees. They scavenge older vehicles and equipment for parts to keep better vehicles operating, foregoing the purchase of new vehicles. They take donations.

Recognize that personnel costs represent the greatest cost of government for the people of this state. Amend the laws that increase the cost of personnel services, such as binding interest arbitration and the removal of the right of school districts to impose contractual terms and conditions of employment.

Consider the findings of the Cahill Commission that studied this question many years ago. And from the testimony of Mary Clapsaddle, of the state of Maryland.

The State Department of Education should establish the appropriate number of teachers and aides for each school district, and fund the total cost of these for the school districts of the State. The State should

control the costs of these elements of the service by negotiating the terms and conditions of employment. In this way, the State controls its expenses and funds the expenses that the State has created through the negotiations. The property tax would only fund those items which the school district has control over, such as supplies, utilities, buildings, and support services, many of which could be provided through educational services commissions.

You spent a lot of time listening to Dr. Bailey about the intermediate unit process in the state of Pennsylvania. In the State of New Jersey, you already have educational services commissions, that are not operating up to the capability they have, in the statute. There are one or two that are, and they're providing an enormous number of support services for the districts that they serve. You need to extend that.

And I thank you for the time to be able to provide that information to you.

MR. DRESSEL: Thank you, Mr. Chairman.

The task before you is a daunting one. There is no magic bullet. There is no bill, which is -- Rolands bill, that is going to spell relief in this area. But it's going to take a combination of initiatives and deliberative discussion. And I just want you to know that the League of Municipalities stands ready to assist you, this Committee, your staffs in working on solutions which we believe are in the best interests of our taxpayers.

Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Dressel and Mr. Fehrenbach.

I know members up here have questions, but I just wanted to take the Chair's prerogative.

We have 566 municipalities in the State of New Jersey. Do we need fewer municipalities?

MR. DRESSEL: I think that is a decision that the taxpayers and the public has got to grapple with, Mr. Chairman. I think that that-- We have, right now, the Interlocal Services Act, we have the Consolidation Act. I think that the people of this state should have the right to provide input to their mayors and governing body officials to make those kinds of decisions.

I mean, let's look at this. We've got mayors and elected officials who put their hands on the Bible to uphold the quality of life, services, and to maintain adequate services at an affordable cost. I mean, they're confronted with these issues, as you are confronted with your awesome responsibilities. And I think there is the opportunity, locally, to make those decisions. I can't make that decision, but I think that the people should.

ASSEMBLYMAN WISNIEWSKI: No, no, and I'm not asking you to make the decision.

MR. DRESSEL: Right.

ASSEMBLYMAN WISNIEWSKI: We have 566 municipalities that are entrusted with the task of delivering a variety of services on the local level throughout this state. Is that the most efficient way to be delivering those services?

MR. DRESSEL: Again, Mr. Chairman, I would have to defer to the people at the local level to make those kinds of decisions. I can't say one way or the other, as it relates to that.

MR. FEHRENBACH: If I can just give you one comparison that I think might help you with your answer?

ASSEMBLYMAN WISNIEWSKI: Sure.

MR. FEHRENBACH: And it goes to the point that you need to do the analysis on a case-by-case basis.

I've had reason to look at the budgets for the last three fiscal years for a bunch of municipalities. I'll draw out two in particular. One is Andover Borough, in Sussex County. That has a population of 658 people. Now, around this table, I'm sure all of you would say that -- "Well, what's the reason why you would have a municipality serving only 658 people?" The other municipality is the township of Edison, which serves a 2000 population of 97,000 people and change. It's now estimated to be over a hundred thousand.

In analyzing their two budgets, removing the reserve for uncollected taxes from the consideration, the cost of providing services on a per capita basis in the borough of Andover was approximately \$539 per capita, on average, over those three years. The cost of providing services in the township of Edison was in excess of \$1,020 per capita. The question might be, in a case-by-case basis, would it be beneficial, if they happen to be next to each other, that you would join the borough of Andover and the township of Edison? From a financial standpoint, I think the answer would be no. So I think the question has to be asked on a case-by-case basis to determine what is in the best interest of all of the parties involved.

ASSEMBLYMAN WISNIEWSKI: I'm not sure I understand the answer, but I appreciate it nonetheless. (laughter)

I'm going to go to a different area. And then I know that Co-Chairman Smith has some questions.

One of the things, Mr. Fehrenbach, you made a statement of during your testimony was that-- You talked about the property tax ratios and one of the bills. And you -- I'm paraphrasing -- you did not believe that that was an impediment. Based on your experience, it was not an impediment to consolidation. Is that a fair statement of your testimony?

MR. FEHRENBACH: Yes. I was saying that I did not see that as being a -- what they said is one of the greatest impediments to consolidation.

ASSEMBLYMAN WISNIEWSKI: What do you base that on, since the only municipal consolidation we had, outside of Paquarry, was Vineland and Landis 50 years ago? How do you know?

MR. FEHRENBACH: I'm basing that on the discussions I've had with a number of people about Assembly Bill 51, discussions I've had with various mayors and administrators over the last 30 years in various municipalities; on examinations that have been done, in terms of a potential consolidation of Ocean and Loch Arbour in the late 1970s, 1980s; the issues in South Orange and Maplewood.

The issues that are in question tend to be: What is the cost of government? What is in the way of being able to try to bring down the property tax -- not the issue of property tax ratios and assessments variations. What is the impact going to be on our identification? How is this going to affect our ability to be able to get quick responses from the

municipality? Are we going to be able to continue to receive good services as the result of bringing these municipalities together? Are we going to have to do away with a council manager form of government, because now we have to come up with a whole new government as a result of a consolidation?

Those are the things that I have heard people say about why it wasn't worth going into a consolidation; as opposed to the question of, what are the ratios of assessments, one to the other, and how are those playing out? A-51 essentially tries to deal with that question. It's been dealt with in A-51.

We now have to go to the other issues that appear to be impediments to voluntary consolidations among the municipalities.

ASSEMBLYMAN WISNIEWSKI: And then, just finally, in your discussion of school districts, you had suggested that one of the ways to reduce the property tax burden would be to have the State fund a formulaic number of teachers and aides for school districts. Is that correct?

MR. FEHRENBACH: That was one piece of it. What I was trying to basically say was, the State is now responsible. Whether it will be in the future, who knows. But the State is now responsible for funding a great deal of the cost of education in the state. But they appear to have -- the State appears to have very little control over the cost drivers that they have to fund.

ASSEMBLYMAN WISNIEWSKI: And I understand.

MR. FEHRENBACH: And so because of that, the State then ought to identify what is the appropriate number of positions.

ASSEMBLYMAN WISNIEWSKI: And I agree with you. I guess my question is-- So the suggestion was, in order to-- One way to achieve property tax savings reduction is to have the State fund an accepted number of teachers. I guess my question is, where does the State get that money that it doesn't currently have? I mean, if we're going to solve the property tax problem, I don't believe that it would be entirely acceptable to say we're going to solve it by taking the money from someplace else and just increase taxes somewhere else. How does that happen without just really rearranging the same numbers on the same plate?

MR. FEHRENBACH: Well, let's say this: First, you're going to be removing the cost of the program from the property tax. So you're going to be reducing the property tax.

ASSEMBLYMAN WISNIEWSKI: You're going to increase it somewhere else.

MR. FEHRENBACH: The State-- Let me just say, the State is now going to be in a position to (a) identify the number of appropriate employees in a school system; and is going to provide funding for that program, and is going to be negotiating the contracts that set the costs for those services.

ASSEMBLYMAN WISNIEWSKI: So you would call for statewide contracts?

MR. FEHRENBACH: I'm calling for statewide, regional, countywide -- something larger than whatever it is -- 616 school district contracts.

ASSEMBLYMAN WISNIEWSKI: Okay. Where does that--
The money that the State's not currently sending to these school districts--
Where does that come from?

MR. FEHRENBACH: I personally believe that there is, essentially, a zero-sum effect here -- that you will be able to achieve modest savings in certain areas. You may be able to reduce the cost of administration, you may be able to reduce the cost of certain things. But in the end, the cost to the State, the cost to the taxpayer, is going to be the same. You are going to have to then move to a more progressive tax alternative than the property tax in order to be able to fund those additional costs.

ASSEMBLYMAN WISNIEWSKI: And for the layman that means?

MR. FEHRENBACH: That can mean a value-added tax, that can mean a sales tax, that can mean an income tax, that can be a modification to any one of the former two that are currently in place.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Fehrenbach.

Co-Chairman Smith.

SENATOR SMITH: Thank you, Chairman Wisniewski.

One of the problems with the concept of the constitutional convention on property taxes is that it has been limited in such a way that you really can only talk about the revenue side of the equation. And the problem with that is, before you can go to the voters about changing the Constitution, I think you have to tell them that you have government at its most efficient form now. You have to talk about the spending side of the

equation. And that's what we're doing when we talk about consolidation and shared services. And hopefully we'll be successful. There's a number of very interesting ideas on the table.

But one of the problems we have with consolidation, especially on the municipal side, is the inherent conflict of interest. And let me not place it on mayors and councils. But let me ask you: What do you think would be the success if the Legislature had devoted an amendment, to put before the voters, to reduce the number of representatives from 120 to 40? "Let's just have one representative per district." It wouldn't happen. Politicians don't put themselves out of a job.

So let me ask Bill Dressel: Bill, how do you deal with the inherent conflict of interest? That is, when a mayor and council says, "Okay, let's talk about consolidating our borough with that township, because it will result in more efficient government." What do you think the chances are that the mayor and council are going to say, "You know what? Let's put ourselves out of a job."

MR. DRESSEL: I think what-- The mayors and governing body officials that I've talked to take their jobs very seriously.

SENATOR SMITH: I don't disagree. They're honest, hardworking people.

MR. DRESSEL: And they are looking rather -- options. And they're looking to try to involve the public in those kinds of discussions, and being able to use the Interlocal Services Act -- the transparent process. I, quite frankly--

Are you talking about shared services, consolidation?

SENATOR SMITH: Let's talk about consolidation, because that's the ultimate effort at shared services -- which is, "Let's have one service instead of two different services."

Do you believe that there's a conflict of interest in the local government -- local elected officials saying, "Let's consolidate our governments, even though it means I'm going to put myself out of a job as the mayor or the councilman"?

MR. DRESSEL: I do not. I honestly do not think -- because I believe that the people that are elected are looking at the public to provide input. And the existing Consolidation Act provides for a commission, provides for a study, and evaluation and recommendations, and removes it from the people -- from the elected officials, per se, because it's put on the ballot with the recommendations.

SENATOR SMITH: Do you think that the reason that we've had so few attempts at municipal consolidation is the very problem of the conflict that nobody wants to vote themselves out of a job?

MR. DRESSEL: I think that there has been deliberative discussions being -- taken place. As Mr. Fehrenbach has said repeatedly, and as testimony has been presented before your Committee repeatedly -- is that you've got to take a look at each example separately, you've got to evaluate the cost savings and the quality of service levels. And I think that that's the preeminent driver as to whether or not you have a consolidation or not a consolidation.

SENATOR SMITH: Can we agree that the ultimate principle should be that the people affected should have a chance to make the

ultimate decision? That is, the citizens of the two towns, or the three towns, or the eight towns that are involved.

MR. DRESSEL: Through the existing process, Senator-- I believe that that was a work of art. I think that that was crafted with that in mind.

SENATOR SMITH: But the problem, of course, is that the local officials really have to ultimately say, "We really should be merging," before the people ever get a chance to make that decision.

One of the things that is unbelievably exciting about Senator Kyrillos' *base-closing bill* -- for lack of a better term to describe it -- is that you now have an independent body making a decision about where local citizens can save money by merging their governments or sharing services. The only defect in Senator Kyrillos' bill is the one comment that you made. And I'm hoping that-- And I'm hopeful that we're going to release a base-closing bill; somewhat modified, of course.

But I do think the one comment that you make about having the consent of the governed is the right way to go. We should be ultimately putting these consolidations before the voters of the affected municipalities and letting them decide. But if we have a step where we say the municipal first has to make that decision to even allow it to be discussed by the citizens or put on the ballot, it's never going to happen, because there is -- respectfully.

Now, I was a mayor, and I was a councilman, and I know how hard they work. And this is not about their honesty, integrity, or how hard they work. But there is-- Everybody believes that it's their mind, their decision -- that they should be in office, and they can do what's right by the

voters. The problem is, it never gets to a vote. You never get consolidation considered because, in effect, you're voting yourself out of a job. And that's why we need to go around it. And I think Senator Kyrillos' bill is a good starting point for that.

MR. DRESSEL: But, Senator, with all due respect, the elected officials serve at the pleasure of the taxpayers and the citizens. And if they're not satisfied, under the existing system, with the way they're acting, they can elect them out of office, as well.

SENATOR SMITH: It doesn't work. And it doesn't work for reasons that democracy has some of its flaws. That never becomes the issue. When Democrats and Republicans fight about being elected to the mayor and council, they're not going to fight about -- "Oh, listen. Elect me so I can eliminate my job." That's never going to be the issue.

MR. DRESSEL: The bottom line is, the quality of services and the costs they're paying. And if they're not satisfied, they certainly have the ballot box as an option.

SENATOR SMITH: Yes, and their choice is to vote for Team A or Team B, but to still have the team and still have the separate government. That's what the problem is. It never gets to the people who are paying the bill to give them an opportunity to decide what government they want. The people of the State should have the government that they're willing to pay for. And that's really, I think, the concept that's the starting point for Senator Kyrillos' base-closing bill.

Separate question: You said you didn't have a chance to review the bill that provides for a referendum that consolidates tax collection, tax assessment, animal control, and health at the county level. And I don't

want to be unfair to you, but I do want to ask you the question. Is there something unique about tax assessment in a municipal government that couldn't be accomplished by a county government? What is it that makes it a Montclair tax-assessment function versus an Essex County function, or a Piscataway Township tax assessment versus a Middlesex County tax assessment? Why would it be different? Why couldn't it be done by county government?

MR. DRESSEL: I think we have to take a look at some of the disparities within some of the counties to see as to whether or not it would work or not work. I'm not predisposed with any decision here today, Mr. Chairman, as to whether it works or doesn't work. And I'm not-- Like I said, I just got the bill. I have not had the opportunity to talk to Mayor Passanante or the other mayors on my committee, as to exactly how they feel on that.

SENATOR SMITH: Well, listen. What I'd like you to come back to us with--

MR. DRESSEL: I'd like the opportunity.

SENATOR SMITH: --is, what is it that makes tax assessment uniquely a township function, and why it couldn't be done at the county level; and, likewise, tax collection; and, likewise, animal control.

And in the case of health services -- and I know Mr. Fehrenbach, who was your representative and consultant on this particular project, was here for the meeting where we heard from various governmental officials that about half the towns in the state are now doing county-based health services. But the biggest single impediment to it becoming a county function is you have to wait for the retirement of the

health officer. When the health officer retires, now you can do it. Because we have a law that says, if you consolidate health functions, all of the people have to be hired by the new consolidated entity; which means that there's no savings whatsoever. So the mayor and council only have an opportunity to do the consolidation when the health officer retires.

So we'd really like to have something back in writing from you, hopefully in the next two weeks, on why those functions have to be municipal functions and why they couldn't be county functions. All right?

And the last question, Bill, for you -- on the fire districts. Does the League have a position on whether or not fire districts, per town, should be merged into one district, as opposed to, for example, Woodbridge Township, where there's nine different fire districts? Do you-- Does the League of Municipalities have a position on that?

MR. DRESSEL: We don't take a position on that.

SENATOR SMITH: Okay.

When we go across the panel, if you would deal with some of the questions that I raised for Bill, I'd very much appreciate it.

Mr. Chairman, thank you for your courtesy.

ASSEMBLYMAN WISNIEWSKI: Thank you, Chairman Smith.

Assemblyman Malone.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

The Andover example that you used -- in comparing it with Edison, which I think are probably apples and cinder blocks-- (laughter)

The types of services that are offered by Edison, I would assume, are considerably different--

MR. FEHRENBACH: Yes.

ASSEMBLYMAN MALONE: --than they are in Andover. I mean, does Andover have its own police, its own trash pickup? I mean, to compare Andover -- and say it's costing \$500 a person, and in Edison it's costing \$1,000 person -- when you're not talking about equivalent services, I think, is not a good comparison.

MR. FEHRENBACH: But the purpose of the example is to show that there is a relationship between the services that a group of municipal residents want and what happens elsewhere. You listen to Professor Slack talk about the homogenization of service levels, and the homogenization of salary levels.

My only point is that if you think that bigger is better, it may be in certain circumstances, but it isn't in other circumstances. If, indeed, you had a -- and we're not even going to start talking about political cultures. But if you had an Andover Borough, next to an Edison -- and because Andover only had 655 residents -- and now you wanted to merge it in, because you were going to get rid of--

ASSEMBLYMAN MALONE: That's an impossible-- I mean, what's next to Andover? What township is next to Andover?

MR. FEHRENBACH: Byram.

ASSEMBLYMAN MALONE: And how many people are in Byram?

MR. FEHRENBACH: Probably about 12,000 or 14,000.

ASSEMBLYMAN MALONE: And do they offer similar services as Andover?

MR. FEHRENBACH: They offer greater services.

ASSEMBLYMAN MALONE: Okay. And what's their per--

MR. FEHRENBACH: I don't have their per. But if I had to stab at it, I'd probably say \$700 per capita.

ASSEMBLYMAN MALONE: See, what I think you have to do-- We're not looking at merging totally dissimilar types of entities. We're looking at merging similar types of entities with similar demographics, similar needs, not an Edison with an Andover. I mean, if you make that comparison, we might as well all just go home, because it's not going to-- It definitely would not fly.

But if you have contiguous municipalities that have the same kinds of demographics, you can have a starting point and have a discussion about what could be merged, and what is practical and impractical. To use those comparisons, I think, is--

MR. FEHRENBACH: But with all due respect, if you look at the typical borough versus township, the hole in the doughnut and the doughnut -- which occurred as the result of the Legislature, back in the late 1900s, making it easy for the boroughs to pull away from the townships, because the boroughs didn't want to take on the costs of providing services in the townships.

ASSEMBLYMAN MALONE: And those holes in doughnuts situations -- vis á vis Bordentown or Princeton -- the similarities and dissimilarities are getting so blended together. And I've gone through that

with regionalizations. I've gone through that. So I have, I think, a personally keen understanding of the political cost of doing things.

But I think if we put our head in the sand and not look at giving people the opportunity, would the League be in favor of putting, statewide on the ballot, a couple questions like: "Would you consider" -- and this would be binding -- "Would you consider consolidation with a similar community adjacent to you, yes or no?" And put that on the ballot. Don't leave it up to the elected officials to make that decision, as the Senator said. Or the same kind of question: "Would you approve increased shared services, yes or no?" We give it right to the people to make that decision.

And I just think that people want that opportunity. They don't need to be artificially insulated from having a decision-making process. If the people in a municipality say, "No, I'm satisfied with my tax rate. I don't"--

And then the other question is: Should we, as a State, be giving tax dollars across the state based on individual communities' spending trends? I mean, you'll have one municipality -- Andover, who is very frugal, very tight with a buck, who is ever efficient, in your words. They're getting X amount. Should we have a statewide amount going, per person, to a municipality? And anything above that, the municipality will make its own decisions as to how they spend that money? So if they want to build a Taj Mahal in the middle of town, that's on their dime, not on the State's dime. We don't fluctuate any kind of funding based on anyone's spending patterns.

If you look at Plumstead -- my running mate. I mean, Ron runs a very effective community. Andover does. But they don't build Taj Mahals. If you go to another town that may have one of the extravagant buildings that they built locally, or spend extravagantly -- and we have to support that extravagance through other people's tax dollars, vis á vis, across the state. I think these are serious issues that we have to take-- Or we might as well just close up and everybody go home.

If we can't come to some kind of conclusion -- that all of these school districts and all of these towns stay exactly the way they are, and we walk away without some kind of direction from the State of New Jersey, there's never going to be enough money, the tax rates are going to skyrocket out of anyone's comprehension, and people are going to have to move.

I just want to see everyone get on the same page and say, "Look, we need to do something to effectuate change in the State of New Jersey, or we can't afford to live here." We never talk about spending less. We always talk about spending more and going elsewhere to get money, raising sales taxes, raising other taxes. When is that thought process in this building, and throughout the state, going to stop? We cannot afford it any longer. Business can't afford it. I mean, what do we have to hear from the business community -- that they just cannot afford to stay here if we don't do something about the tax base?

So I am very concerned that we need the League, we need the School Boards Association, we need the Teachers Association, we need everybody to come to the table and say, "Look, this is what we offer to the State of New Jersey and to its residents on how we can save money and how we can cut costs." If people aren't willing to do that, no matter what we do

here, it is never going to work. Because every time-- It's like shoveling sand at the beach. That hole is going to get filled in.

Somebody's got to do something to stop this incessant tax increase in the State of New Jersey. And I think it starts with us, and I think it starts with you and other representatives in this room. It starts with all of us. And we have to make that commitment. And I think the League is at the forefront of coming up with solutions -- real solutions -- that put a real face on cutting costs, whether it's a large municipality that needs to be much more efficient, or looking at a smaller community that really, probably, should be looking at its neighbors to better service its community.

I don't want to--

MR. DRESSEL: Assemblyman Malone; if I may, through you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Sure.

MR. DRESSEL: I would like to echo your frustration, Assemblyman. Because, quite frankly, we feel the same way. And the mayors and governing body officials that I represent have basically expressed the same frustration that you've expressed, except we change it just a little bit. We focus on the legislative responsibilities. And, quite frankly, the impediments -- the legislative impediments that we have on civil service and noncivil service municipalities, where they can't combine under interlocal services--

You know, we look at what Mr. Fehrenbach presented to you on the cost drivers -- the binding arbitration. You have a cap law of 2.5

percent. We're still seeing arbitration awards in excess of 4, 4.5 percent. There is frustration there. When we take a look--

We've got-- We need your help. It's not a one-way street. You can't presume that because we have 566 municipalities that is the problem, and that if all we have to do is -- half the municipalities, we're going to solve our property tax dilemma. That is a wrong premise.

ASSEMBLYMAN MALONE: Through you, Mr. Chairman.

MR. DRESSEL: If you're going to work together in trying to deal with--

ASSEMBLYMAN WISNIEWSKI: Assemblyman.

ASSEMBLYMAN MALONE: That is not--

MR. DRESSEL: --the impediments to interlocal services and consolidations, dealing with these legislative responsibilities, we can have a very constructive dialogue and solutions.

ASSEMBLYMAN MALONE: My premise isn't that it's only municipalities, but it is one of the constituent parts of this thing -- that people need to start really thinking about what they're doing, why they're doing it. Some of the spending patterns in some of the municipalities-- And, as you know, I spent 24 years in local government.

MR. DRESSEL: Yes.

ASSEMBLYMAN MALONE: And I had to turn a town around that was really on the brink of disaster. So I fully understand the full concept of what you're saying.

But I think I've matured in my thought process, that my parochial attitude that I had 25 years ago, 30 years ago, in local government has changed because of the tax burden. And it's crushing people. And I

think, at this level -- and at your level, as being the representative for the municipalities -- we both have to think differently about the future of our state and the municipalities. You're going to have municipalities that just can no longer afford to exist in their present form if something isn't done.

And God knows, I love my little town more than-- But I understand now that maybe loving it as much as I did gave me a perspective that may not be the right perspective, given the 21st century. And I would hope the League would start looking at that.

MR. DRESSEL: And we have. Through the next meeting of this Committee, when Assembly 51 -- the core package the Assembly Speaker presented-- You're going to see we have provided a lot -- considerable input in dealing with those very issues. And, believe me, I take what you say very seriously. We have been working, we have been standing vigilant. We monitor these Committees, every Committee meeting. We take it very seriously. And we are here to assist, and to help, and establish a partnership. Because we believe it's a two-way partnership, Assemblyman; not just the municipalities, but the State has an obligation, as well.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.
Assemblyman Gordon, then Senator Kyrillos.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

I just really want to just make a couple of observations, more than ask any questions. And I want to associate myself with the comments by Senator Smith, as well as Assemblyman Malone, that one--

A major impediment to consolidation, sharing of services, is the conflict of interest issue. And for example, I mean, last week I spoke of a study in Wildwood where we identified \$4 million in savings over the course of five years. That opportunity was not taken because one commissioner, in one of the communities, did not want to lose a title. And I think it's very important that we create a mechanism for allowing the voters to really drive the process, as opposed to allowing the municipal officials to decide what goes on the ballot and to prevent some cost-saving opportunity from happening.

I also want to just respond to Mr. Fehrenbach's comment that regionalization does not necessarily lead to cost savings. I agree that we have to look at this on a case-by-case basis. But I refuse to accept the proposition that we've repealed economies of scale. Generally, you can do a lot of things at a lower cost on a larger scale.

In Bergen County, we have 70 municipalities. We don't have 70 separate banking organizations trying to make a profit. The banks learned a long time ago that they have to operate on a larger scale. And I think while we've been focusing on cost, we also should not forget about the quality issue. And Andover Township may be operating at a lower cost per capita, but may not be able to offer the technical -- may not have someone on staff with the technical expertise to provide a critical service.

We, as a Legislature, have decided that every municipality should have an emergency manager, for example -- a resident of the community. And yet, when you've got communities of a thousand people or so, most of those communities are not able to offer the kind of expertise required to perform many of these functions. So with larger size, there may

not necessarily be a reduction in cost, but there may well be an improved level of service, there may be greater expertise available, more sophisticated services that can be available.

Finally, if I could just make a comment about the proposal to move health offices to a higher level. I'm not sure that I would support that. While it may be appropriate to have a certified health officer at a county level, I think health offices -- it's been my experience -- very much of a retail governmental function. I went into my municipal health office yesterday to get a marriage license. These local offices get a lot of foot traffic, and I'm not sure that that's something we want to move to the county level.

So the basic comment I would like to make is that we really do need to create mechanisms and facilitate consolidation wherever we can, give it to the people, and try to find a way of doing this without losing the local touch. And I think we can do that.

Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.
Senator Kyrillos.

SENATOR KYRILLOS: Mr. Chairman, thank you very much.

I think Assemblyman Malone, last week, praised you and Chairman Smith, and rightly so. And I want to say, while we've been talking a lot -- a lot -- we're still in the early phase of this Committee process, because we have yet to accomplish anything -- yet. And I'm hopeful that we will. But up until now-- Let me just repeat what Joe Malone said last week. I feel so very good about the way you're guiding this

Committee, this process, your spotlight on the right issues and the right ideas, and our collective willingness to shake up the status quo.

Assemblyman Malone, I thought, was eloquent. Assemblyman Gordon, as well. I know Senator Karcher feels likewise.

Joe, I thought you were excellent in what you said a few moments ago.

I agree, Bill, with what you said earlier about some of these statutory constraints, civil service laws, rules, etc., that hurt local officials' ability to govern in the best way and the most efficient way, and reduce cost. I agree with you on that. We've got to work on that.

But in terms of doing what the entire society knows is the smart and obvious thing, we've got to move forward. We have got to do what the American private sector, and everybody -- all of our constituents -- know, intuitively, when they go into a Kosco on the weekends to shop for their families: know that there are efficiencies and economies of scale when we group together. We know that. We intuitively know that.

We have failed in this area of our mission for a half a century or more. You have to admit-- I think that the leadership of the League has to come to a point when the Chairman asks you, "Do we need 560 municipalities," you've got to say, "Of course we don't." That doesn't mean that bigger is always better. But it is sometimes, and probably often, better. It doesn't mean that we have to consolidate in order to do things smarter and cheaper for the taxpayers in each and every case. But we have all kinds of services that we can share, that we are sharing. And we have to do more of it. And there's a bill today that looks at having the counties pick up, I guess, three or four responsibilities. I think we ought to broaden that.

The municipalities haven't been able to do the obvious things on their own. It's very hard to do. These are very part-time, in most of the cases, citizen councilmen and mayors. The Legislature has not been able to consolidate and collapse some of these municipalities. And we can talk about school districts, too -- today we're focused on municipalities -- and you're right to point that out. We have legislation that deals with the 600-plus school districts in New Jersey.

We have proven ourselves incapable of moving forward. It may not be a matter of conflict of interest. That's one way to put it. We're just institutionally incapable. The Legislature -- forget about the mayors and councilmen -- us, this group, historically incapable of taking small municipalities that they represent and saying, "You're a one-square mile town with a few thousand people. You shouldn't be a town. You shouldn't be a municipality."

The Congress realized that they were institutionally incapable of closing down military bases in their home states. In many cases, those bases were the lifeblood of communities, jobs, a whole culture. America figured out along the way -- amazingly so -- that in the aftermath of the Cold War, we didn't need all these bases. Technology had moved forward. And in other ways, we could consolidate. And so they set up a commission, I'm sure hated -- I'm sure people criticized it, the same way I get calls and letters criticizing it. "You can't do it. This is important for the country." But they realized -- those members of Congress, at the time -- that they couldn't do it on their own. And so they created a commission that has now been duplicated two or three times. And in some cases it has been very

painful to New Jersey, including my home county, where Fort Monmouth is now on the list.

And that commission collected data, made some tough calls, and said to the Congress, "Are you going to accept this list en masse, yes or no?" I think that took a lot of smarts and a lot of courage. And that's why I proposed that same concept for our local situations here.

And I'm very gratified that Senator Smith and others have talked about it in very, very positive ways. And unless we can figure out a different way to do what we need to do for this component of the property tax problem to be dealt with; because there are a lot of other components, we know -- school finance, benefits, and the like. But for this slice of the pie, unless there is a better way that we can convince ourselves it can get done, I say let's take it away from this institution that has proven incapable of doing the job, and appoint bright people that will look at things objectively and come back and tell us, "Ladies and gentlemen, this is what makes sense."

You talked about putting your hand on the Bible and protecting the taxpayers and the quality of life of the people. We should vote "yes" on that list, if it ever comes to us. And that's what I think our goal ought to be up here. That's what I think the goal is.

So I know we've got a lot of people to hear from. And we have a lot more testimony.

MR. DRESSEL: Mr. Chairman, if I may--

SENATOR KYRILLOS: And one more thing I want to say--

ASSEMBLYMAN WISNIEWSKI: Yes, Senator.

SENATOR KYRILLOS: And I apologize, Bill.

I think that you're shortchanging a lot of mayors and councilmen out there, who -- and maybe you aren't. But I get the sense that people believe that they want to protect the status quo. And do you know what they say to me -- people in my district and others? They say, "You're doing the right thing. You have got to compel this action, because we will not do it by ourselves. We know it's smart, we need the assistance, we need the help, we need the guidance, we need some degree of shared responsibility and oversight. And, you know what? We don't have the political will to do it. We have to go back home and say, "They made us do it.'"

The collective will of the people says it's the right thing to do, and so-- And I know that the taxpayers are a lot farther along on that. So just a note. And I realize you've got a lot of moving parts, and a lot of constituents within your big constituency of leading the League of Municipalities.

MR. DRESSEL: Mr. Chairman, briefly.

ASSEMBLYMAN WISNIEWSKI: Very briefly. We have other gentlemen waiting to testify.

MR. DRESSEL: I commend Senator Kyrillos for throwing out an option worth considering. But I would say to the Senator, at the outset, when he indicated that I didn't address your question by saying, "Yes, less is best," as far as the number of municipalities-- And I can't answer that question. The reason I can't answer that question is, I don't know what the impact of that is going to be. I don't know what is going to be the quality of services--

ASSEMBLYMAN WISNIEWSKI: But let me just ask you this question, Bill.

MR. DRESSEL: --that the communities have. And I don't know what the cost savings are going to be.

ASSEMBLYMAN WISNIEWSKI: That's fair.

If you were to be with George Washington, and come across the Delaware (laughter) -- and I asked this the last time -- there was nothing set up here for delivery of services, would you say, "I've got it. Let's set up 566 towns"? (laughter) Would you? Of course not. No one would.

So to operate with the presumption that, "Listen, 566 might be the right number," I think is less than a plausible statement.

I understand that you have an obligation to the organization that you come from. And I think Senator Smith hit it on the head that there is obviously going to be a reluctance for at least one of those 566 mayors to say, "You know what? I don't want to be mayor anymore," or those members of the governing body. And that's why Senator Kyrillos' proposition on that BRAC-style commission is worth looking at. Because it is difficult to get people to say, "Yes, I'll give up my job." It is difficult to have that happen.

But I'm not convinced. And I think the burden of proof now lies with your organization, and the municipalities, to prove to this Legislature that 566 is just right. Because I think I can speak collectively for the members up here: a lot of us don't believe that that's the right number.

But I appreciate your point of view. And I'd like to let the other witnesses get their two cents in now, too.

From the Association of Counties, we have John Donnadio and Morris County Freeholder Doug Cabana.

Gentlemen.

F R E E H O L D E R D O U G L A S R. C A B A N A: Good morning, Mr. Chairman.

I'm Doug Cabana, President of the New Jersey Association of Counties, and Morris County Freeholder.

I'd like to thank you for the opportunity to address you this morning.

The New Jersey Association of Counties has a longstanding history regarding regional services and consolidation. In fact, county government, as we all know, is the only regional form of government in New Jersey. The functions of county government should be expanded. And by expanding county government, we can provide critical services, basing it on a larger tax base, thus reducing costs.

The counties' role as a regional provider of services will aid in the preservation of home rule -- something we've talked a lot about here, this morning -- and it will increase efficiencies and reduce costs. Last month, Morris County Freeholders hosted a meeting of our mayors and business administrators to rank the issues that they believed should be consolidated at the county level. The top four were: emergency dispatch services; animal control; health service; police, fire, and EMT. And down the list was tax collection and assessment. At the last meeting, two weeks ago, the Morris County Freeholders authorized a \$200,000 study for countywide dispatch services.

The other barrier that is -- needs to be looked at is with respect to how to make consolidation efficient. For example, Sussex County is studying the feasibility of providing health services for Sparta Township. It estimates that the cost reduction could be over \$200,000 annually. However, the current laws mandate that Sussex would have to maintain Sparta's full-time employees with their benefits and salaries, thus eliminating any savings. So we need revisions in the law. And I think it's pretty clear this morning that members of the Committee are attuned to that to make this work.

Home rule has been such a long-standing tradition in this state, it would seem a very logical leap to make the counties, and empower county government, to do more. We can provide the support services for the towns, which will allow the towns to maintain their current existence, allow the local mayor and council -- yet allow them to provide services at a least-cost basis by doing it on a county level.

I understand it's a daunting task you have before you. The New Jersey Association of Counties stands ready and able to offer any assistance that we can to the Committee and the Legislature to help you in -- with numbers, and coming up with cost efficiencies.

Also with us this morning is John Donnadio, who is our Legislative Director. And John will address some of the pending bills before us, and the Association's position on them.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you.

John.

JOHN G. DONNADIO, ESQ.: Thank you, Mr. Chairman, members of the Committee.

I'm John Donnadio, with the New Jersey Association of Counties.

The one bill we would really like to comment very briefly on is S-2244, your bill, Senator Smith. And at this point, what we'd like to offer the Committee is to conduct -- I think it would be helpful -- a cost-benefit analysis of those counties that conduct public health services for the municipalities, and the one county that provides animal control in the six or seven counties that have animal shelters that the municipalities utilize. And I think, hopefully, that will be helpful to the county in moving forward.

And that's-- I mean, at this point, I think that that's all we'd like to comment. But we'd be happy to work with staff on that, as well.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

MR. DONNADIO: Thank you.

ASSEMBLYMAN WISNIEWSKI: Senator Smith.

SENATOR SMITH: You could be enormously helpful. You have, as I think was mentioned by Mr. Cabana -- that you already have a county that has assumed all of the health services. And it would be very helpful to see what the cost-benefit factor was when the county government did it, versus having the individual municipalities do it. Was there a real savings for the taxpayers?

I think you said one of the counties has just authorized tax assessment to go to the county level.

FREEHOLDER CABANA: No, that was the recommendation of the committee -- or the mayors and the business administrators in the county when they came together.

SENATOR SMITH: And that was the county of Morris?

FREEHOLDER CABANA: Yes.

SENATOR SMITH: When they did that recommendation, did they actually have a report that indicated cost savings?

FREEHOLDER CABANA: No, the mayors and administrators who were present at the meeting ranked the services that they wanted the freeholders to look into.

SENATOR SMITH: Okay. Could we get a copy of that report?

FREEHOLDER CABANA: Yes.

SENATOR SMITH: That would be real helpful.

FREEHOLDER CABANA: I can send that.

SENATOR SMITH: And if you could give us some idea of what that cost-benefit ratio is for assessment, collection, animal control, health, and -- the last one I thought you mentioned was very interesting -- was the dispatching services. I understand that some of our counties are now doing countywide dispatching. Could we compare what the cost is when you have a county system versus a local system? And I understand every county is different. But maybe you could give us a rough, relative percentage of what those savings might be.

FREEHOLDER CABANA: Yes, there were several--

SENATOR SMITH: And if you can get that to us in the next two weeks, it would be really helpful.

FREEHOLDER CABANA: That I can work on. That I do know. That initially came from the Morris County Police Chiefs Association to the freeholders, saying, "We have a problem simply meeting staffing requirements. Why doesn't the county take it over?" I know Burlington County currently does it. I believe maybe Warren or Hunterdon -- several counties that already do it. But, again, you're getting into that home rule, the chief-is-the-king-of-the-castle kind of thing.

SENATOR SMITH: We understand that.

FREEHOLDER CABANA: We have the chief saying, "Come do this, Freeholders, and take it off our plate." We'll gladly do it. But we can get that. That study was just authorized two weeks ago.

SENATOR SMITH: That would be very helpful.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Gentlemen, thank you. Stay there, there may be follow-up questions, so--

Next, from the New Jersey Conference of Mayors, we have the Mayor of Frenchtown, Ron Sworen.

Mayor.

MAYOR RONALD SWOREN: Thank you, Mr. Chair and Committee members, for allowing me to testify today.

I'm here to testify partially as the President of the New Jersey Conference of Mayors. Our Executive Committee and Legislative Committee has not met to review all these bills yet. But I'm going to be testifying with my experience, as 11 years as Mayor, on some of the issues the mayors have talked about, and what we feel are important issues with these bills.

All of us work to keep our local tax rates as low as possible. We appreciate-- I appreciate the comments we've heard today, here, and the need and the drive to make some changes in our State laws to help our property taxpayers out.

On the local level, we've done everything we can to sustain lower taxes. The fact that the State has held our funding flat for five years, while everything else has increased, has reduced all of our earnings, all of our moneys we have in reserve so that we're forced to raise taxes just to meet regular expenses. Virtually, as you know-- Virtually every cost has risen in the past five years.

On the bills-- A-50 is well-intentioned; and additional aid is desperately needed by all of our communities. My concern, though, lies with the performance measures that must be implemented. Many of our communities have limited staffs. We do not have full-time professionals; we have paid-by-the-hour engineers, planners, etc. So imposing-- That must be taken into account when we're talking about these performance standards, because it doesn't serve anybody any good in the municipalities, or the taxpayers, if it's going to cost us more to provide the performance statutes -- standards than we're going to save by the money we're going to get back. That just doesn't make a lot of sense.

And there are things that are missing. I mean, all of our municipalities -- everyone agrees we should be doing more shared services. Hunterdon County-- I serve on a committee with the Chamber of Commerce where we're coming up with a proposed, countywide shared services package. All the municipalities -- our schools are going to be included. This is being heavily supported by DCA. They're encouraging us

to do this. We're encouraging everyone to do it in our county. We think it's a great way, on a county level, that we can save a lot of money just in basic things like equipment. If I have a need for a street sweeper, I can get it as part of the shared services, where someone else can use my paver. We're working on that. Somerset County is an excellent model for that. They save over \$13 million a year with shared services. The problem with A-50 -- it does not consider that option. It doesn't not consider county shared services option. It needs to.

As part of the standards, it should talk about the cost of local government, as the League talked about. I'll take my town as an example. My cost of services is about \$700 a resident. That includes reserve for uncollected taxes. Compare that with the cost for some other towns -- larger towns. We provide almost full service. Yes, I do have volunteer EMS and fire company. But we have a police force. We provide garbage collection. We have a streets and roads department. We provide all the services a normal town would do. But we do it for a cost of about \$700 a person.

The League has documented for you today the importance of that, and how many of our smaller towns keep our cost down. We do cannibalize equipment. We do not want to go out and have to spend \$150,000 on a piece of equipment. We do everything possible to keep our costs down.

Part of the standard, also, should be analysis that will reward communities that have worked to keep their tax rates down over the years. We're a good example. I had about an \$.08 tax increase in seven years. I've got nothing from the State of New Jersey, and my citizens haven't, to

reward us for being frugal, for caring about what we're doing and trying to keep our costs as low as possible. The only reason our taxes have gone up recently is health insurance and the cost for basically providing for our employees. It has gone up quite a bit; plus regular insurance.

Moving on to A-52. It's a bill I think we can all support. Moving the fire district election and budget vote to the regular election day makes a lot of sense -- the same with the school districts. We need people out to vote on these issues. It can't be a secret, small, little group that no one goes out to vote for. It really serves the State and the serves the municipalities to move that to November.

A cap-- The caps are artificial. I think there are better ways to control some of the costs. The caps tend to hurt the municipalities on what -- by putting binding arbitration. We don't have that in my town, but those issues really do hurt when you have to cut back. This year, we had to cut back on services and planned projects in my town, because to do so would go over our cap. So there are improvements to my park -- a walking trail -- that's not going to happen this year, a thing our seniors have asked for. It's not going to happen, because I couldn't fit that under my cap. So you've got to consider those when you talk about caps.

Moving on to S-864: It's well-intentioned -- provide relief to property taxpayers. Encouraging municipal consolidation is a good thing. The same with the reorganization of school districts. That's probably the largest amount we could save -- is in the school districts -- just because of administrative costs. But also the savings with the school district is important because of having a standardized curriculum throughout the entire district. That's something we don't have in a lot of parts of the state.

We have different districts -- small districts that do not have the same curriculum. And they go into a regional high school, and the kids are not on the same program. So there's savings in that area. But any of these must be carefully studied.

In the bill it says pay to municipalities "that participate in at least four shared services agreements for a 10-year period. The eligible shared services would include the full integration or consolidation of any of the following: police, fire districts, municipal courts, solid waste collection, construction code office, and recreation services." I think this list needs to be reviewed and balanced to handle the needs of all the communities in our state, not just follow a model that might work for a very large community or a city.

To point: many of us use the State local Code Enforcement Office as our construction code office. Would this be considered, or would we have to create a new office and hire new people?

Most of our communities do not have a municipal-based trash collection i.e., city employees handling the trash collection. We use private haulers at a much lower cost. My cost for door-to-door service to my community, and door-to-door recycling service to my community is about \$90,000 a year. That's a very small cost compared to -- if we had to provide the same service with garbage trucks and everything else, and any employees to run that. So is this to be considered, or do we force the private, small companies who handle the trash for communities like mine out of business, or do we make them a municipal employee?

Most of us do not have fire districts. But many of us share a municipal court system. It seems that based on that list, and the way the

bill is worded, many of the communities -- a majority of the communities in the state will not be able to qualify for the relief that is stated in the bill. So we ask that those things be considered.

Once again, this bill does not consider any countywide shared services. And I think that's important, because the counties have shown-- Morris County has done a lot, Somerset County has done a lot. I think the DCA, at this point, is moving in that direction to have countywide-based shared services. These bills should be supporting that effort.

And moving on to Resolution 69: The establishment of a commission is a great idea. I think it's something we need. But the bottom line is that the local residents are the ones who need to make the final decision. They need to vote on that on a referendum. There are towns where it makes sense to consolidate at this point. However, the commission must take into account all the information that's available before a recommendation is made.

Some points: All towns are not alike. As Assemblyman Malone talked about, there's a difference between Andover and Edison, obviously. I'm in a rural part of the state. I'm a small borough, and I'm surrounded by large, rural townships. Can we merge? Can we consolidate? That's a good question. You've got to talk about the services and the things that have changed.

Some of my neighbor communities-- I've been very careful. We've been very careful with open space, with controlling our development. Other areas have not. Now they have thousands of new homes being built. So that kind of thing -- the responsibilities for the schools, for the infrastructure in that -- really needs to be considered before you start

talking about taking the small town and a larger township and merging them. We wouldn't want to merge a small town with lower taxes, with one with much higher taxes, because they haven't done the planning. If we did, the State should be considering moving a tax adjustment to the smaller municipality.

Now, we talked about other consolidation of services in it. I have a small police force. The two surrounding communities do not. They use State Police services. It's a rural community. It's understood that if we moved our -- we became a consolidated police force, the cost for that police service would increase dramatically -- very dramatically. We all now pay for police -- State Police services. That comes out of our income tax and out of State taxes. But it also is part of State law that every municipality is required to have a municipal court and to pay for that municipal court. The funding does not come from the State for that court.

However, if you're a rural community that uses the State Police, about 100 percent of all the fines, and tickets, and everything else -- the cost of that court -- is born by the municipality. But all the funding that comes out of that court, in terms of fines and that, goes to the State of New Jersey, which helps to pay for the cost of the State Police that they are providing. So doing that with police, in some of the rural communities, would be a very large increase in taxes to the local residents.

The proposed bill, S-2244, could reduce the cost of local governments. I think it can. I think it's a good thing to think about. But two points: One, it would cause local communities to have to remove tenured employees, or tax collectors, or tax assessors. If that's the case, and we go to that, then the State has to step up to the plate and hold us, as

municipalities, harmless from that and to deal with the removal of those employees.

The second point, which is probably the most important, is that State statute, today, requires that the municipalities pay for the schools. Our taxes-- When the school sends the bill, it comes to us. We have to pay it whether we have the money or not. That's a very important point. If you're going to move the tax collection and the tax assessment to the county level -- and that may be a very good thing to do -- if you do that, you also have to change State statute that's going to require that funding of those schools has to be done by the county. We cannot be held responsible for paying those bills if we're not -- if we don't have the money coming into us.

And now, in our community, probably 70 percent or better of the local taxes -- or the taxes are paid -- property taxes are paid in my municipal building. We have people who want that receipt. Moving it to the county level would change that character. But for cost savings, I think that is something we really should explore -- moving those services that count. We use Hunterdon County for our health services; that works very well. I think that there's -- a lot of these services could be moved to a county level; but again, there's going to be a cost that the county is going to have to bear, and that has to be considered.

In closing, I thank you, again, for your time. I think it's a very good thing -- or we -- that we do, that the legislators work to address these property tax issues. These bills are a very good start. We ask, as mayors, that in your consideration, remember that all of our communities are not equal. We're different sizes, we're different characters, we're different

flavors. We have a different group of people all across the state that have their own ideas. But the New Jersey Conference of Mayors is willing to work with this Committee and any of your staff at any time to talk about these bills and to help you come up with solutions that we would feel, as mayors, would be valid for the State. So please call on us at any time for your help.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Mayor. Thank you for your testimony.

I'm going to ask you the same question that I asked Mr. Dressel. We have 566 municipalities -- just right, not enough, too many?

MAYOR SWOREN: I don't know if it's just right. I think that there are probably some communities that could be merged; or should be some consolidation. It makes sense in some areas. But I think it needs to carefully be studied. Some are difficult to do. Princeton and Princeton Borough maybe works -- Princeton town. But if you take--

ASSEMBLYMAN WISNIEWSKI: Why do you say that?

MAYOR SWOREN: What?

ASSEMBLYMAN WISNIEWSKI: Why do you say that?

MAYOR SWOREN: It's just because of the doughnut hole and the doughnut effect. They're similar communities. It might work. It seems like an area the people have chosen not to do that, obviously, over the years.

ASSEMBLYMAN WISNIEWSKI: Twice.

MAYOR SWOREN: But it might work. But take it to another point, an example of Hunterdon County would be the Borough of

Flemington and Raritan Township, which surrounds it. There's a different issue there because Flemington is the Hunterdon County seat. So how do you do that? Does all Raritan Township become Hunterdon County? I don't know. Hunterdon County is mostly small communities.

ASSEMBLYMAN WISNIEWSKI: In your municipality, how many employees do you have?

MAYOR SWOREN: How many employees do I have? Two people in my office -- two full-time.

ASSEMBLYMAN WISNIEWSKI: That's it?

MAYOR SWOREN: Two full-time people. I have a one-day a week CFO/treasurer/tax collector.

ASSEMBLYMAN WISNIEWSKI: No, I'm talking about municipal-wide, public works, police -- how many municipal employees?

MAYOR SWOREN: Full-time?

ASSEMBLYMAN WISNIEWSKI: Yes.

MAYOR SWOREN: Full-time, I have two, four, six-- (laughter) Two police, two full-time police; two full-time people in my office; two full-time people on streets and roads; and one full-time sewer operator.

ASSEMBLYMAN WISNIEWSKI: What municipality adjoins yours?

MAYOR SWOREN: On the southern side, eastern/southern side is Kingwood Township; on the northern and eastern side is Alexandria Township.

ASSEMBLYMAN WISNIEWSKI: Are they similarly situated in terms of size or number of employees?

MAYOR SWOREN: They, both communities, offer only streets and road services. Alexandria works out of a -- their office is in someone's house, the municipal building. Kingwood has a much larger building in that they offer a lot of services, other services. But the taxes are totally different. Mine average somewhere about 7,000; Kingwood's averages much higher than that; and Alexandria's even higher. Their communities are based on mostly lots that are over an acre. And new zoning is three to 10 acres in both communities. Mine is a small river town. Many of the lots are 50 by 150, 75 by 150. Our buildable areas are -- we have half-acre lot minimums.

ASSEMBLYMAN WISNIEWSKI: I guess, the question--

MAYOR SWOREN: Yes.

ASSEMBLYMAN WISNIEWSKI: --I'm getting -- what is it that makes your town unique as compared to the town adjoining? What is the unique quality of your municipality that makes it necessary to be separate and apart from the town north or south of yours?

MAYOR SWOREN: I don't think that's -- I don't think the point is it is necessary to be separate from those towns, because we're not. But I have a town center. I have a compact town that has a town center, and stores, and a main street, and all that sort of thing. Alexandria Township is a rural township.

ASSEMBLYMAN WISNIEWSKI: So they would not have--

MAYOR SWOREN: Kingwood Township is a rural township.

ASSEMBLYMAN WISNIEWSKI: So they would then both have a town center if they hooked up with you? (laughter)

MAYOR SWOREN: They could.

The fact is that most roads end in Frenchtown. So that would be a possibility. Now, again, if that would be considered by the Commission, then it would come up to the vote of our people.

Just down the river from us, or up the river from us, is Milford, another small borough. On the other side of that is Holland Township. Milford has a town center; Holland Township doesn't.

ASSEMBLYMAN WISNIEWSKI: We'll make sure everybody has a town center. (laughter)

Senator Smith, any questions?

SENATOR SMITH: No.

Senator Kyrillos?

SENATOR KYRILLOS: Just a quick note to the Freeholder. I think you should communicate -- ask all your freeholders, across party lines, to really start a dialogue with local officials. And our district, my legislative district -- Assemblywoman Handlin had a session with a lot of local council people and mayors; I was there and spoke; our Assemblyman Thompson as well. Ideas just poured out -- poured out -- of items, big pieces of capital equipment that each town has to buy, services that they need to provide that they all felt could be done by the county in a better, more professional, more cost-effective way. So many ideas poured out that that's what's encouraged me to suggest, perhaps, to the Chairman, at some point we look at his bill -- and perhaps expanding the menu of possible services that counties could provide in a shared way for municipalities.

But I really think you all -- we all see each other at functions, social functions, ribbon cuttings, and fund-raisers -- all the rest of it. We know each other, but we really don't sit down enough and talk about these

item that we could do together in a better way. And I think you're in a unique position to provide leadership, to reach out to freeholders across the state to start that dialogue formally and informally.

FREEHOLDER CABANA: Well, we have made many advances this year. And interestingly enough, it has been bipartisan. At our conference in June, in Atlantic City, where some of you may have attended, we were fortunate to have Governor Corzine there. And that's what we talked about -- all these issues. And it's going -- again, going across county lines, and going across partisan lines. We're all in for the same thing. Surprisingly, the years I've been involved, it's unique in the fact that so many people are talking about the same thing.

Recently, Morris County stole the idea from Passaic County about having the county and the municipal administrators hold quarterly meetings. Already, that has spurred a lot of these ideas, and it's continuing. So we will continue in that effort.

SENATOR KYRILLOS: Good.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

Assemblyman Malone has a question.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

I'd like to leave-- People call you-- Look, it is obvious, whether it's -- as a willing partner or not-so-willing partner, actually you do hold the key to a major part of the success that this Committee can have. And I think all of you know, down in the deep recesses of your heart, there is room and a necessity to do some of the things that we're suggesting. All I'm asking you to do is share with us some of your expertise, your knowledge;

put aside maybe who you represent and start thinking about what is in the best interest of all of us. Because it really--

Look, Bill, with your expertise and your years of experience -- and you and I banter back and forth about different-- But I know you have some serious thoughts that can be put on the table about how we can resolve these issues, and the same thing with the Conference of Mayors. There is good information that can be shared, and I think we're willing to go out and put ourselves out on the line. I think other people need to do the same.

So I would just urge all of you to start putting some of your own perspectives aside and look in the best interest of the State and the people we all represent.

Thank you very much, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Thank you, Assemblyman.

Gentlemen, thank you for your testimony, and it's been helpful. And please stay in touch with all of us. There's some questions outstanding that members have asked, if you can provide that information. And we're going to continue this dialogue in the upcoming weeks.

Thank you.

MR. DRESSEL: Thank you.

MR. FEHRENBACH: Thank you.

FREEHOLDER CABANA: Thank you.

MR. DONNADIO: Thank you.

MAYOR SWOREN: Thank you.

ASSEMBLYMAN WISNIEWSKI: Next, we're going to have a panel of representatives from police and fire organizations. For that

purpose, I'd like to call up Mr. Richard Braslow, from the New Jersey Association of Fire District Commissioners; Mr. Ron Bakley, from the New Jersey Fraternal Order of Police; Keith Kemery, from the New Jersey Association of Professional Firefighters; and Robert Brower, from the Firemen -- from the Firemen's Mutual Benevolent Association.

Good morning. Is it still morning? Just about.

Whoever's ready, identify yourself and you may start.

R O N A L D B A K L E Y: Thank you, Mr. Chairman.

Ronald Bakley, from the Fraternal Order of Police, New Jersey State Lodge.

First off, thank you for the opportunity you're giving us to testify before this Commission (*sic*). Sitting back here for the past couple of hours listening to a lot of the comments -- a lot of the ideas and a lot of the comments that were made, if they could be accomplished, would be very, very beneficial to the citizens of this state.

Some of the problems that we see and some of the solutions, so to speak -- in the early 1970s, I don't know how many of you realized this-- I was a police officer for 28 years in Camden County, and in the early to mid-'70s, the regionalization issue came up, down our way, in southern New Jersey. The only two aspects that were eventually put in were the fact that they consolidated communication services for the fire districts in Camden County, where we now have one communications center for all the fire departments in Camden County. And then we have one communication center for most of the smaller municipalities in Camden County. These were the only two things that they were actually able to accomplish.

There was much talk about regionalization and dissolving of police departments. As most of you here said earlier, what we listened to with the other speakers, the problems that we ran into was the autonomy of the respective municipalities, home rule, not to mention the egos of some of the individuals that were involved. And the fact that, as many of you up here said earlier, there were several of them that were going to lose their jobs or their positions if they allowed this to happen. And today, I think that's a similar problem in this whole process, although I'm not saying that we're totally against all of that. We realize that there's got to be cost savings somewhere. And it's our job, on the part of the union, to also assist the municipalities, counties, and states in accomplishing that goal.

Another problem that I foresee are the contractual obligations between the unions and the respective governing bodies. You have two major unions in New Jersey for police and two major unions in New Jersey for firefighters. Our concern is -- in regionalizing or dissolving certain police departments, and taking officers from smaller departments going into bigger departments -- who is going to be the governing body when you talk about the representing agent for these particular contracts? Because we've seen already, in Camden County, the Borough of Woodlynne and the Borough of Audubon Park have dissolved their police departments. These were five-to-seven man police departments. Collingswood PD picked up Woodlynne -- all but one officer, I believe -- and the Borough of Audubon picked up six out of the seven officers from Audubon Park.

The problem that we see -- and the FOP handled the negotiations in both perspectives -- was the fact that the officers coming from the smaller departments into the bigger departments were getting

initial increases in salaries and benefits, which had to be born -- the additional costs still had to be born by the smaller department, even though they dissolved their police forces.

At this point in time, being involved in those negotiations, we didn't see any potential savings there; whether it comes over the long run where, maybe with the equipment that they had to buy, the vehicles they had to buy, it would come into play in that aspect. But immediately, there was an increase in the cost by doing so.

I think one of the solutions that might be considered in this instance is the consolidation and the purchasing of vehicles and equipment, as far as law enforcement is concerned. And maybe the implementation, as many towns in New Jersey have, is the Lexington Plan for using police vehicles. We all know that the more equipment that you buy in bulk, the more vehicles you buy in bulk, there's a substantial savings in the purchase of all of this stuff. We've also found-- And I've talked as recently as this morning with a chief of police from southern New Jersey, whose police department and township participates in the Lexington Plan. For those of you who are not familiar with it, it's a plan where each officer is assigned a police vehicle, and that officer gets to take that police vehicle back and forth to work from home. They found, in this case, that there is an initial outlay and an increase in cost in the purchase of the new vehicle, but these vehicles last for eight to 10 years.

Winslow Township, I know -- which is a town right next to mine, Gloucester Township -- they have vehicles on the road there, in their town, that are 1996 Ford Crown Victorias, that look like brand-new cars because they've been taken of by the particular officers; which has been,

according to Chief Bello from Winslow Township, “a great savings for that town.”

The National FOP, on a national level -- just to let the legislators in the State know -- we’ve been fighting Congress over the Homeland Security funds that are being given out around the country. It’s ludicrous to think that states like Wyoming, Montana, and Kansas are receiving two-to-three more times the funding that New Jersey is, when in a two-mile stretch of the Turnpike, New Jersey has possibly one of the most dangerous areas in the whole country, when you look up around the Newark Airport and Essex County, up that way -- Edison -- with that two-mile stretch of the refineries, and electrical plants, and everything that are prime targets for terrorism. We’re fighting diligently to get bipartisan funds sent to the areas that need them as far as Homeland Security is concerned.

One of the other areas -- which may be minimal, but is also a cost-saving factor for the counties -- is, several years ago legislation was passed to include police officers having to attend jury duty. I know in my town, on several occasions over the past several years, officers who were assigned to work day work were assigned to go to jury duty at the cost of the township. These are officers that sit up there all day; they get paid by the township for being there instead of being on the street; and another officer having to take their place. And they’re not picked on any trial teams at all -- any juries at all, because they’re law enforcement officers. To me, this seems ludicrous. I can’t see why a police officer or a legislator would pass legislation like this, when they know that there’s no defense attorney in the world that’s going to pick a police officer to sit on a jury. And these

guys go up there, or these women go up there, and sit there all day. And at the end of the day, they're released without even being considered.

I guess you were right when you say, "Who is willing to give up their jobs, who is willing to give up their positions for what's going on?" I guess that all depends on the particular municipalities and the governing bodies. But that's going to be one of the major problems in accomplishing what we're trying to accomplish here today.

The only thing I would request, from a union standpoint is: the Commission that is being put together to examine this and make the recommendations to the State -- that it would not just include employees from the administrations from municipalities, or financial experts, but also people from the rank and file of the unions -- in order to obtain an overall view for the recommendations that are going to be made to this body, should that come to fruition.

With that, I would like to, again, thank you for your time, thank you for your endeavor here. Definitely, this is a problem that has to be resolved. And as far as our union is concerned, we'll do whatever we can to help accommodate the decrease in taxes, because it's a real burden.

ASSEMBLYMAN WISNIEWSKI: Thank you, Mr. Bakley.

I'm going to ask the first question, and it's really along the lines of the questions I've asked before. How many municipal police departments are in existence in the State of New Jersey? Do you have a number?

MR. BAKLEY: Not off the top of my head. There's not 566, but there are numerous police departments.

ASSEMBLYMAN WISNIEWSKI: There's probably a couple of hundred?

MR. BAKLEY: At least.

ASSEMBLYMAN WISNIEWSKI: Do you believe that that's the most effective way to deliver the safety and security services that police departments are expected to deliver -- by having them broken down into that many different jurisdictions?

MR. BAKLEY: I think there is a more economical way to do it, but it would be all-inclusive. We talked here earlier about municipalities that have municipal courts that don't have police departments. If you're going to regionalize everything, then you've got to regionalize all aspects of it.

ASSEMBLYMAN WISNIEWSKI: No doubt about it, but you're--

MR. BAKLEY: And I would say, under those conditions, I think it could be done.

ASSEMBLYMAN WISNIEWSKI: Homeland security is an issue that a decade ago was not a big topic for police departments or fire departments; or anybody else, quite frankly. And now it's a new responsibility that's been placed upon the departments that your members work in, with padding costs. And you've quite correctly pointed out that, on a Federal level, the amount of money coming back to New Jersey is, perhaps, not indicative of the vulnerability we have with the target-rich environment we live in. Do you believe that those homeland security functions, those services, those expensive items that go into doing that, are better delivered on a regional basis or on a town-by-town basis?

MR. BAKLEY: Well, most of the money -- it is my understanding most of the money comes back to the State, which is then split up amongst the towns. I would say regionalization would definitely be the better avenue. However, I think that an overall look at homeland security on a Federal level would be just as appropriate.

A lot of money is being spent at the airports with TSA. I don't know how many of you have gone through some of these checkpoints. I've gone through them. I travel around the country as a national officer for the FOP. I've come up to TSA checkpoints where the person operating the monitor is asleep in the chair. I think that there's got to be something done with that, too.

ASSEMBLYMAN WISNIEWSKI: No doubt, no doubt that could be done better. But we're talking about New Jersey. We're talking about--

MR. BAKLEY: On New Jersey, on a regional aspect, I think the moneys could be more well spent.

ASSEMBLYMAN WISNIEWSKI: Okay.

Senator Smith.

SENATOR SMITH: No questions.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Gordon.

ASSEMBLYMAN GORDON: Yes.

Thank you, Mr. Chairman.

Last year, the communities of Emerson and Westwood discussed the possibilities of merging their police departments and actually folding the departments into the county. There was a firestorm. Not surprisingly, there'd be one less chief, fewer captains, fewer lieutenants,

fewer promotion opportunities for the rank and file. And that was really a deal killer. Can you offer any suggestions on what the State might do to facilitate these consolidations, to try to ease the pain of losing promotion opportunities?

MR. BAKLEY: That's one of the reasons, back in the '70s, when this was considered, that it failed. And it failed miserably for that particular reason. You're dealing with unions. I think that everyone has to come together for the betterment of the citizens of this state. I think that everyone has to logically consider giving up this or that or the other thing. You're dealing with individuals, you're dealing with different unions, and you're dealing with different police departments -- not to mention whether or not the citizens want that done.

I know that in the Borough of Woodlynne and in the Borough of Audubon Park there was a governing body's decision. I don't think it was presented to the citizens to see if they wanted to do away with their police department.

But it's basically -- it all stems from the unions and collective bargaining, and getting them to agree to a majority of these issues. Because there's different contracts -- legal binding contracts within their respective municipalities, and all of these things have to be addressed.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

ASSEMBLYMAN WISNIEWSKI: Senator Kyrillos, anything?

(no response)

Thank you.

Just press the button so the red light is illuminated, and you may begin.

KEITH KEMERY: Good afternoon, Chairman, members of the Committee. I'm Keith B. Kemery, Vice President for the Professional Firefighters Association of New Jersey, State organization of the International Association of Firefighters.

I would first like to thank the Committee for the opportunity to speak here, not only on behalf of the IAFF and its members, but also as a local firefighter that works in a moderate-sized, southern New Jersey town for a municipal fire district, where we have six fire districts in one municipality and have a very fragmented service system.

The Professional Firefighters Association in New Jersey supports, in principle, regionalization and consolidation as one manner of delivering firefighting, technical rescue, and emergency medical services; if such a plan is predicated upon and, in fact, delivers the foregoing essential emergency services consistent with nationally recognized standards, such as the National Fire Protection Association Standard 1710 -- the standard for special operations to the public by career fire departments. The industry service and delivery model provides a minimum, acceptable response criteria in terms of time and staffing quantifiers known to produce successful outcomes in terms of life and property savings, and should be an essential and guiding force when measuring for and designing a fire and rescue force. This, as opposed to merely putting the same patch on a firefighter's shoulder or logo upon a fire apparatus door, without so much as making a singular improvement in the administration or operational aspects of existing, under-equipped, -staffed, or -trained fire departments. In this regard, costs and immediate gratification in terms of savings cannot be a

controlling factor versus a safer, better model that provides long-term service and fiscal efficiency.

Some of the nation's most highly regarded and successful fire departments are that of countywide agencies serving significant population and infrastructure, including but in no way limited to Miami-Dade, Florida; Fairfax, Virginia; Prince Georges, Maryland; Montgomery, Maryland; and Los Angeles County, California. The foregoing departments, and many more like them, employ cross-trained, dual role firefighters with the ability to provide all facets of emergency medical services, in addition to fire and technical rescue services. In point of fact, the separation of fire and emergency services delivered by differing agencies, as if they had no relation to one another, is a compelling reason that citizens throughout this state do not enjoy, on a universal and more consistent basis, the greatest standard of service and care possible.

In this regard, New Jersey need not look far down the road, when we have within our midst the likes of the Cherry Hill Fire Department in Camden County. The CHFDD has systematically grown over the years from a fractionalized, small fire service comprised of several independent fire districts, to a first-class fire, rescue, and EMS provider; employing a career-based service subscribing to industry response criteria and standards, and directly answerable to the citizens they serve. Due to they're being a fire district, their ability to systematically grow serves -- in terms of adding and enhancing their capabilities through additional firefighters, apparatus, and stations for deployment, is testament to demonstrated satisfaction of the citizens they serve and protect. Their successful record of going directly to the citizens, in referendum, with budgetary requests could well be viewed

as a report card of sorts no other fire service can match. We respectfully urge that you review their model and consider their success in relation to your deliberations.

Some observations pro and con: We believe fire, rescue, and emergency medical services can be successfully delivered on a countywide, regional, or fire district basis when demographics of communities are like, i.e., urban, suburban, or rural. It is categorically not a one-size-fits-all answer to the cost of providing essential services. With some long, overdue legislative and regulatory overhaul, the fire district is preferable in that fire departments deal directly with its customers, the taxpayers; with its budget requests being that report card we spoke of earlier, relative to their ability to provide a satisfactory and responsive service -- where the cost of same is in no way a secret to the citizens who pay the freight -- success in securing the budget being the passing grade for the agency.

Moreover, dealing directly with the public by way of fire commissioners and a budget offered during the general election cycle, versus the current almost secretive manner in which same is carried out now, does, in fact, protect the fire service from the municipal budget axe. Our history tells that despite our best efforts, and even with overwhelming taxpayer approval, a mayor or council inevitably makes their very first cuts within essential services in a time of fiscal need -- right, wrong, or indifferent.

Another vehicle for consideration might be the expansion of existing municipal departments, wherein they might grow their service and delivery ability by either contracting or amalgamating with like jurisdictions.

We do not believe, nor will support, indiscriminate or wholesale civil service deregulation on the public safety side, as if it has been the compelling reason why regionalization and consolidation have been forestalled to-date. Anyone who tells you Department of Personnel rules have stalled this idea is merely looking for an opportunity to create an imbalance, or get a leg up in the employer/employee hiring, promotional, and disciplinary relationship. Parochialism, and nothing else, has and will continue to thwart this initiative for some time to come. In this regard, using shared services as a ploy to destroy public safety civil service protections will gain about as much favor with our members as underfunding and, now, suggested altering of our pension system.

Our union looks forward to the opportunity to serve as the fire service provision and fire service labor representatives on commissions and advisory councils that comment upon or guide such future projects.

Thank you, again, for your consideration of our thoughts in this regard, and we remain available for additional commentary as this process goes forward.

ASSEMBLYMAN WISNIEWSKI: Thank you very much for your testimony.

Questions?

Assemblyman Gordon.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

Your comments, I thought, were very well-taken about career departments, but at least in my part of the state the vast majority of fire departments are volunteers -- run by volunteers. I wondered if you have

any thoughts to offer on how we might be able to regionalize services where you're relying on volunteer departments?

MR. KEMERY: Within the State of New Jersey, there have been consolidations of volunteer-based systems. In fact, in Camden County where I work, there have been several. The Borough of Pine Hill, prior to becoming a fire district, successfully merged three volunteer fire companies into one fire department, and then later become a fire district. Again, it took three splintered organizations into one unified group. It is possible. Quite frankly, if the firefighters are there to serve, whether they're volunteer or full-time career, they will make the necessary adjustments to provide that service. And if they're there for other reasons, well, that will show itself as well, and then they most likely would not be part of any improved system.

ASSEMBLYMAN GORDON: Do you have any thoughts on how the purchase of capital equipment might be regionalized or at least done in some way that's -- in a less fragmented way than it is now, particularly as it relates to volunteer departments?

MR. KEMERY: Well, again, the current process needs to be reviewed. For starters, as I referred to in the beginning of my remarks, I work in a town that has six fire districts. And to some extent, those districts answer the same alarms, but do very little else together as far as coordination. Maybe for starters, one fire district for a community, maximum, would go a long way. Another reference, that I offered some time ago in a fire-service related commentary: if the municipalities are going to purchase the equipment, whether it be full-time, combination, or volunteer, there has to be a criteria that the minimum number of firefighters are going to respond with that apparatus. The apparatus

responding with one firefighter is no good. The apparatus doesn't do the work, the firefighters on it will make the apparatus perform. But there is a requirement that you're going to purchase this equipment, okay? You can purchase it as long as you properly staff it with the requisite number of personnel, so that it can perform its design function. Again, possibly that could curtail spending on equipment that's not necessarily needed.

ASSEMBLYMAN GORDON: Well, I'm just a little frustrated. We have a system now that results in 400 pieces of fire apparatus in Bergen County. And each town has its own ladder truck, each town has its own phone unit, each town has its own sophisticated rescue truck; and you see them all come out on Memorial Day. And I was a fire commissioner for 10 years, and I know how much our communities are saving by having volunteers. And I would be the first to argue that in many cases the volunteer departments in my part of the state are as good or perhaps better than some career departments. But there's got to be a more rational way of purchasing equipment. It's as if each town is competing with another. And I'm just wondering whether we can create some kind of mechanism where, if not at the county level, at a regional level. In Bergen County, for example, I could see six regional units that might have representatives from the various departments getting together and deciding, "Well, who should get the ladder truck, who should get the phone unit?" And rather than having each town go out to bid for specific pieces of equipment, putting together a bid package of perhaps 10 or 12 vehicles, with a specification written in a way so that rather than having the one company bid on the vehicle, usually the company -- the manufacturers-- The vehicle that the

volunteers really want, you actually have a competitive bidding situation where you can really save hundreds of thousands of dollars.

And I think that before this process is over, we ought to think about some way of creating an incentive for that kind of mechanism to take place. And I'd be interested in any comments you have on that idea.

MR. KEMERY: I share your thoughts when you made reference to who's going to buy the ladder truck, who's going to buy the rescue truck. I've seen it attempted, and when it -- what it boils down to is, when somebody makes that proposal, everybody looks -- "I'm not going to be the one not to buy the truck. I want one, too." And there's no authority to stop it. So bottom line, again, how many fire departments do you need in one town? And that one chain of command makes that decision, instead of, in my case, six.

ASSEMBLYMAN GORDON: Thank you.

ASSEMBLYMAN WISNIEWSKI: No other questions? (no response)

Thank you very much for your testimony.

Next, from the Association of Fire Districts -- my list says Mr. Richard Braslow, but you don't look like Mr. Richard Braslow. You look like Roger Potts.

ROGER POTTS: I think I am, John.

I want to thank Assemblyman Wisniewski, Chairman Smith, and members of the Committee for the opportunity to speak before you on consolidation and the bills that are presented to us. I am only sorry that it was only yesterday that we found out that we were to be here today. So I

haven't prepared a lot. But as you know, A-52 has been around for quite some time, and we've been working diligently on that.

And knowing that these hearings were coming, I spent many hours down in the DCA going over the 186 fire district budgets in the state. And I extracted a lot of information from them, and I hope that it will be of some help to you.

I think there's a misconception that there are a whole state of fire districts out there, and that the abuses and moneys being spent in the state is by fire districts. As we all know, there are 186 fire districts in the state, and there are 566 municipalities. Now, those 186 fire districts only function in 83 municipalities. That's about 15 percent of the state municipalities that fire districts function in. The other 85 percent is municipal government.

And as Mr. Gordon said, Bergen County has 400 fire trucks. And I think the Governor was on the radio one day and said that they had more fire trucks than New York City. And I don't think you can take that in a vacuum. But I just want to point out to you, there are no fire districts in Bergen County -- zero.

So the problem is as much municipal control for the expenditures of fire vehicles and stuff, as it is fire districts. And I don't mean to say that, as Mr. Gordon had asked this gentleman, about how to take some control of the expenditures for vehicles-- I think that is an avenue that needs to be explored. And later on, I may get into some ideas on how we may be able to do that.

The total budgets of all the fire districts in the state is \$218,394,191. The amount that we raise by taxation is 179,941,666. And

that leaves an average district taxation of \$976,428. Now, 40 million of that is by the top 10 districts in the state, or 30 percent of the total. So we have tax rates that range from a penny -- one cent per hundred, to tax rates of 67 cents per hundred. Those are high rates, but again, as you gentlemen know, you can't look at tax rates in a vacuum. You have to know where the municipality is on its assessment, whether it's at 50 percent or 80 percent. While some of the municipalities -- and a large group of them are up in that same -- municipalities, in those high areas. There must be some correlation to where they are in valuation of properties.

The lowest budget in the state is \$22,500 -- that's a pretty low fire district budget -- while the highest is \$19 million. That \$19 million budget -- and two of the six-- There's been two consolidations in the State of New Jersey of fire districts. Two of the top six budgets in the state are those two districts that consolidated. And again, you can't look at just the numbers and say, "Hey, consolidation brought about these high numbers." However, I think it has an effect. When you make things bigger, I think the cost goes up.

If we can look back at -- and it's no secret that \$19 million is Cherry Hill. Prior to consolidation, there were five districts. I will -- and I can't get-- DCA doesn't have the budgets or the audits. They keep budgets for only two years; they keep audits for four years. So I couldn't get the numbers prior to consolidation, of what the total expenditures was, but I did go over what their budget is now and what drives that budget. And that \$19 million budget has \$12 million of expenditure for manpower. That's the driving force. And I think when you consolidate, you risk the loss of volunteers and you create paid departments with a layer of supervision, over

the top of those paid people, that isn't over small districts that have one or two paid people -- but they don't have a layer of supervision over the top of it.

So in a municipality, you may have six districts. Each one of them may have three paid people. But they're under the direction of a volunteer chief or something. They don't have a-- If you combine those six districts, and now you have 18 paid people, you will have a layer of supervision over those 18 people. And those 18 will probably go to 30, or 26, or something. So I don't think that consolidation necessarily brings savings to the tax public. I think it may bring costs. I don't believe that there are not some districts in the state that are (indiscernible) consolidation. Each has to be looked at individually, and it is possible. There are some fire districts in the state that neither have a firehouse, a fire truck, or anything. They have a contract with another fire district to provide service. Does that fire district need to exist? I don't know. You have to look at it.

I looked at one in Franklin Township. They have a lower tax rate to the adjoining fire district. So if they were consolidated into that district, I'm sure that the tax on the public on the smaller district would go up -- it wouldn't go down -- as they only have a \$24,000, \$25,000 budget. So I think there's a lot of things that need to be looked at when you talk about consolidation. And I don't think there's necessarily large savings to be made in consolidation.

You have to look at, also, as I spoke about Cherry Hill -- and I don't want to say that the level of service isn't better than it was before consolidation. Most certainly, it is. There's another issue: both those

districts that combined are providing service, the emergency medical services. Under State statute, they're not allowed to provide that. For 12 years, Mr. Braslow and I, Mr. Phifer (phonetic spelling) have been trying to develop law that allows districts to provide services that they're now providing that the law doesn't allow them to provide. That's emergency medical service. Both of these districts in south Jersey are providing emergency medical services, contrary to statute, and that's part of their budget -- a large part of their budget. They have paid EMS. So I think that's an issue that has to be looked at. We've been working on it, but we haven't seemed to get anywhere. On general, on consolidation, that's all I want to say.

I do want to speak on A-52.

RICHARD M. BRASLOW, ESQ.: If I can, if I may, my name is Richard Braslow, and I don't mean to interfere with Commissioner Potts, but it might be helpful. We prepared a memorandum, which many of you may have already seen as legislators, expressing our concerns and our opposition to A-52. And I thought it might be beneficial. I made quite a few copies to hand it out at this point.

ASSEMBLYMAN WISNIEWSKI: Sure, please.

Roger, do you have anything more?

COMMISSIONER POTTS: Yes. I just want to speak some on A-52, and the issues in A-52 and what they do. And one is my understanding, the presumption to move the fire district elections from February to November is to get participation by the voting public. Well, we have several problems with that. We have a problem with changing the date. However, we are adamantly opposed to either the primary election

date or the general election date. There are 365 days in a year -- the other 363 days we don't have a problem with. We believe that the political interference that will come about if they're on the same day as the general election will ruin fire districts. We really do feel that.

We suggest a day set aside for the nonpartisan elections in May as a possible day for nonpartisan, school board, and fire district elections on that day, instead of on the first Tuesday after the first Monday.

The second issue in that bill is, it changes the term of the Commissioners. Their term now ends in March. It would then end the second week in December. Well, if you're going to move the election to the same day as the general election, and you're going to elect township officials, why wouldn't you end the term of office on the same day you end the political? Why not the last day of the year, instead of some other day? It just doesn't make any sense for -- why not to end the same time?

Filing petitions: The law requires petitions be filed at least 28 days prior to the election. A-52 requires a petition be filed 99 days prior to the election. The first notice of election would need to be advertised earlier; that isn't in the bill. We don't see this as a problem. We certainly agree that that's possible.

The municipal clerk would be in charge of the elections. Notice of all fire district elections in a municipality could be combined into one notice. That's a good thing, even if the election date is not changed. Give the fire districts the right to -- each fire district in a municipality to take turns in advertising the election, instead of six districts in this municipality running six ads in the paper. That makes sense. We now do that with the absentee ballots, but that's the only one we're permitted to do it with. So

all the other advertisements, if you have multiple districts, you have multiple notices. So it makes sense to change that.

I don't understand moving the budget so that we have participation, and then taking a right to vote on the budget away from the public. If we're going to move the election date, because we want people to participate, what do we want them to participate in? Who's a commissioner? That doesn't make sense. We're going to take the right of the people to vote on the budget away from them under this bill. I don't find that to be in the best interest of the general public.

The district would come under the cap rules, under this new budget. I don't fully understand the cap rules. I do know that 2.5 percent cap doesn't make a lot of sense to me. I don't know what the exemptions are; they aren't spelled out. There's certainly nothing in the bill that says what those exemptions are. So you find that out when the law is written, I guess. I don't know.

And then, generally, as Mr. Gordon was talking about, some -- many legislators believe there is far more fire equipment in the state than is required. And that may possibly be true. But you can't lay that blame on fire districts, when we're only in 15 percent of the fire service in New Jersey.

Some time ago, the Division of Fire Safety organized a group to evaluate fire companies. That group only lasted about two months, and the Division dissolved that group that was going to do fire company evaluations. Maybe that's a possibility. However, I've talked to some of your colleagues who said, "Gee, don't leave it up to Trenton to make the decision whether you ought to buy a fire truck or not."

And then there's the insurance underwriters who do inspections of all the municipalities in the state to rate their municipality. They rate the equipment you have, they rate your ability to fight a fire by the number of people you have. They rate the water service. Possibly there's some method where you may be required to have a recommendation from the underwriters as to whether you need to purchase a piece of equipment or not. I don't know. There's some ideas that -- and I think that's one of the abuses, or perceived abuses -- that there's far, far too much fire equipment in the state, and duplication of efforts and not much control.

Under fire districts, the public votes on whether you can buy a fire truck or not. They vote on it. In fact, they vote on it twice. They vote whether you can raise the money, and then they vote on that piece of equipment within the budget. So under municipal law, they don't do that. And as you can see, if 85 percent of the fire trucks that are bought are bought by municipal government, maybe we need to change that so they need the same rules applied to them that are applied to fire districts.

With that, gentlemen, I close and I thank you for your time.

ASSEMBLYMAN WISNIEWSKI: Did you have anything?

MR. BRASLOW: If I may, Mr. Chairman, if I could just supplement some of Mr. Potts's comments, and then perhaps we're happy to entertain and answer any questions that might exist.

Talking specifically about A-52 -- and I won't talk to the entire memo that's been provided. But fire districts -- and I think the historical aspect is important -- fire districts never lobbied for the current date, which is the third Saturday in February. Prior to creating a standard date for the election, which I believe occurred under the Governor Byrne

administration, districts used to have their elections on every different day of the year. We didn't lobby for the third Saturday in February. We agree that perhaps that date doesn't make sense. But there is a distinct fear in fire service of having a fire district election intertwined with the political election.

A-52 talks about a statement on the ballot indicating that there will be a nonpartisan part to the ballot. We're certainly not convinced that that will stop political intervention.

ASSEMBLYMAN WISNIEWSKI: Let me -- I just wanted to address that point--

MR. BRASLOW: Please.

ASSEMBLYMAN WISNIEWSKI: --while you're raising it. I'm sure other members of the Committee will have questions as well.

According to Commissioner Potts, only 15 percent of the state's some 83 municipalities are served by fire districts, which means that in 85 percent of the state there is no vote on a fire budget, there is no vote on apparatus. Those municipalities get along just fine without having fire districts. What is it -- what value-added to public safety does having the political organization, and the infrastructure, and the administration of a fire district create uniquely for those 15 percent of the municipalities of the state? What are the rest of us missing?

MR. BRASLOW: It's a very fair question. And you talked about why the fire districts were ever created. And certainly one of the underpinnings was municipalities who didn't have the financial ability -- though well being, as it may, their intent may have been -- who didn't have the expertise; that felt it was appropriate because of cap constraints and

debt limitations to create a separate entity, notwithstanding the administrative costs.

ASSEMBLYMAN WISNIEWSKI: So it's a historical artifact.

What's the current reason we have fire districts? Why does -- is my hometown of Sayreville missing out by not having a fire district, because Woodbridge has them? Are the people in my community less safe?

MR. BRASLOW: I think -- again, I think each municipalities is different. I think those municipalities that have determined that it would be appropriate to create fire districts have determined that that's the best method of delivering the most effective service. I believe they feel that these are individuals who don't address other issues -- these are five elected individuals whose sole purpose is to provide fire protection. Typically, they have some experience. I think in those towns that have determined that the entity should be created, they felt it was their best mechanism, under their particular circumstances, to produce the product, I believe.

ASSEMBLYMAN WISNIEWSKI: And I understand that they felt and they believed, and all of that, but are towns that have fire districts inherently safer towns than towns that do not? Is there a different quality of service that a fire district provides than a town without a fire district?

MR. BRASLOW: I will tell you, because of the concentrated effort on just doing fire protection, I do believe there are many municipalities that have a better system in place through fire service and through a fire district. This is subject, obviously, to some debate. I'm sure there will be those that agree and those that disagree. That would have to be my answer. I think it depends on each particular circumstance.

We believe that the fire district serves a purpose. It's not a historical anomaly. It serves, for all the reasons we've stated, a valid purpose that we believe is the best mechanism of delivering fire protection.

ASSEMBLYMAN MALONE: Mr. Chairman?

ASSEMBLYMAN WISNIEWSKI: Yes.

Assemblyman Malone.

ASSEMBLYMAN MALONE: I just think the question really is -- because we've toyed with this idea of starting a fire district in Bordentown, which we had never had before. And the sole reason to do that was the ability -- the town could not financially, under the caps and everything else, support the fire companies. So they wanted to move to a fire district in which they had separate taxing ability and fund-raising ability through their process. So it was really more about how they got their money, as opposed to the quality of service. Because I don't think the service in Bordentown would change one way or the other if you went from a non-fire district to a fire district. The only change was their ability to raise funds to fund the fire departments.

Thank you, Assemblyman.

MR. BRASLOW: And if I may, I think that's a correct statement. And I think, with the ability to have enhanced funding, I think it has created a better quality of service.

ASSEMBLYMAN GORDON: Mr. Chairman?

ASSEMBLYMAN WISNIEWSKI: Yes.

Just one follow-up question. So if you had the funding-- If the Legislature modified the way you got your funding, then there's really no need to have fire districts.

MR. BRASLOW: That's somewhat of a loaded question, and I'd like to hear what the--

ASSEMBLYMAN WISNIEWSKI: Of course it is. (laughter)

MR. BRASLOW: --alternative course-- I'd like to hear what the alternatives are. But we happen to think it's a valid mechanism. I don't know what the alternative is of providing that good quality service.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Gordon.

ASSEMBLYMAN GORDON: Yes.

Just a technical point. I would just say that it's probably fairly easy to compare the quality of the fire service in those areas with a fire district, as opposed to those who don't have them; assuming that the Insurances Services Office -- the ISO -- which rates each municipality, is doing a good job. And as was pointed out, relative fire safety performance of fire departments is indicated by the ISO rating. And it might be interesting for staff to look at the average ISO rating for those communities with fire districts, as opposed to those who don't have them.

ASSEMBLYMAN WISNIEWSKI: Excellent point.

Assemblyman, one second.

Senator Smith.

SENATOR SMITH: First of all, I can't help but make the comment -- realize what we're saying -- that in some cases, the districts were set up so that you could avoid the levels that the Legislature put on tax increases. All right? We find a way to avoid our own laws, to circumvent the process requiring towns to live within a budget. That's kind of a very stark conclusion.

Let me ask you a question about the fire districts. Are the fire commissioners paid? Do they get salaries?

COMMISSIONER POTTS: Are fire commissioners paid a salary, is that the question?

SENATOR SMITH: Yes, that is the question.

COMMISSIONER POTTS: In some fire districts, there's a salary paid, and in some there is not, based on each district.

SENATOR SMITH: I understand. Can you get for the Committee a list of the districts where there are paid fire officials?

Second question: Are those salaries pensionable?

COMMISSIONER POTTS: Under State statute, if you receive more than \$1,500 a year, you must be in the pension system. I will tell you up front: I've been a fire commissioner for 27 years; yes, I receive more than \$1,500; and, no, I'm not in the pension system, because I don't think I deserve it.

SENATOR SMITH: Oh, well-- And I don't know whether you're the exception or the rule, but what you're saying is, if there is a salary, you have to be in the pension system.

MR. BRASLOW: Can I, if I may--

COMMISSIONER POTTS: If it's over 1,500, you're eligible. If you're a veteran, you have to be in it. I'm both a veteran and over the 1,500, and not in it.

SENATOR SMITH: Okay. Well, one comment then. There's 183 fire districts that have taxing powers. And if each of them has five commissioners and each of them has salaries and each of them are pensionable, I'd like to know what the impact of those costs are on the

State and on the pension system. And if you guys could get back to us with that kind of information, it would be very helpful.

I understand, as well, that 90 percent of your fire district budget is water. Is that a rough figure?

COMMISSIONER POTTS: Is what, sir?

SENATOR SMITH: The cost of water.

MR. BRASLOW: Hydrants.

SENATOR SMITH: You have to pay the local water company.

So with regard to the Speaker's bill, where he's proposing a cap, the suggestion to everybody, I think, is the cap's a good idea; but I wouldn't put it on the water cost. Because that's one thing that's total--

ASSEMBLYMAN MALONE: Are you talking about a hydrant tax?

SENATOR SMITH: What's that?

ASSEMBLYMAN MALONE: Did you mention a hydrant tax?

ASSEMBLYMAN WISNIEWSKI: Hydrant charges.

SENATOR SMITH: Hydrant charges, yes.

I think that's totally out of the control of the fire commissioners. All right? And the cost of water may go up and it may create a situation where you have to go to the voters. But on the remaining 10 percent that is in control of the fire commissioners, what do you think about the Speaker's suggestion for a 2.5 percent cap?

COMMISSIONER POTTS: I have to look at all those things that could be exempt from the caps, and see what they are.

SENATOR SMITH: All right. Would you get back to us?

COMMISSIONER POTTS: Two-and-a-half percent seems like-- If you had a million dollars of a budget to spend, that gives you \$2,500?

SENATOR SMITH: Well, if you're saying 900,000 is exempt from a cap--

COMMISSIONER POTTS: Yes.

SENATOR SMITH: --because that's out of your control. And then you're saying the part that is under control should be under a cap. I don't know if that's reasonable or unreasonable. But we'd like to hear in writing from you if you think there are some other costs that should out of cap. I mean, I'd really like to hear that information about pensions, how many commissioners are getting salaries; some idea of what they are, what the impact of those pensions are in the pension system of the State.

What did you think of the idea of the -- and I'm not sure if I heard from Mr. Potts on this or not -- on the one hand, you'd like us to keep your election out of the "political arena." The problem with that is its 2 percent turnout or less. And on the other hand you're saying, well, I don't know why you would then say, take the fire district budget away from the people. If only 2 percent are voting, we're not taking it away from people, because nobody's voting. And that's why the alternative suggestion, that's used in some county vocational school boards and some appointed boards, would suggest -- which is a board of fire estimate, where you would have representatives of the commissioners and representatives of the local governing body -- who are elected by 40 to 60 percent of the people -- deciding on the ultimate fire district budget. Why do you think that that's not proper, if you're still going to have districts do only 2 percent turnout?

COMMISSIONER POTTS: Well, I just don't see-- If you're going to move the budget so you have more people involved, all you're asking them to be involved in is the voting on the commissioner. They now have the right to defeat that budget and send it to the township committee. You're taking that right away from them.

SENATOR SMITH: So you'd be okay with a November election, if we kept the budget with the commissioners?

COMMISSIONER POTTS: No, I wouldn't. Not at all, not at all.

SENATOR SMITH: And then allow the 50 or 60 percent vote on the budget.

COMMISSIONER POTTS: Adamantly opposed to November.

SENATOR SMITH: Well, as soon as we take it away from those elections, we get low turnout. That's the problem.

COMMISSIONER POTTS: And I think the Legislature needs to look at what it's doing. It says to the public, "We want to move the fire district election to November from February, because nobody votes in February--

SENATOR SMITH: Right.

COMMISSIONER POTTS: --"but we want to move the primary to February so that fewer people can decide who's president of the United States." Does that make sense?

SENATOR SMITH: No, no, no. The fallacy in that is that when there's a primary election, there's a sample ballot sent to every house of every voter. There are board workers who are paid to open polling places. And in a presidential election, respectfully, there's all kinds of press

and publicity indicating that there's an election. And there will be a huge turnout in a presidential primary in February in the State of New Jersey. That one, I'll bet you my biggest bet -- which is a cup of coffee. I mean, there's no question in my mind, that's going to have a huge turnout.

COMMISSIONER POTTS: I know. One just seems to be -- one contradicts the other.

SENATOR SMITH: More than 2 percent. (laughter)

MR. BRASLOW: Senator Smith, if I may, the other problem with the bill, when you talk about what is no longer subject to voter approval: There are currently statutory mechanisms for all capital projects, firehouses, fire truck purchases, other capital purchases to be approved by the voters. This particular bill, A-52, does not alter that. So in one sense we're talking about changing an election date because of greater voter turnout. There's absolutely no mechanism in that bill that alters the current statutory scheme. Thereby, we'd still have to go to the voters for capital. And I've had discussions with DCA about that, and I find that to be somewhat hypocritical. It doesn't make any sense. And we're still one of the few entities -- school boards and fire districts -- that still go to the voters to get approval.

SENATOR SMITH: I think you're pointing out a defect. You're correct. And maybe that's something we should correct.

COMMISSIONER POTTS: There's one other issue that's really important in this bill that I skipped over, and that's the movement of fire district lines to match election district lines. That could create havoc to move the fire district line. Maybe in Woodbridge, if there's two hotels and

a million dollars worth of rateables, and you move the line one block, that fire district loses their base of rateables.

SENATOR SMITH: Right. And you know what? That's the point why -- if you had one district per town you wouldn't have that issue. Everybody would share the same rateables, and it wouldn't be split up on political lines. And you'd have fewer commissioners.

COMMISSIONER POTTS: That may be the quick answer, but then you'd need to look at what happens when you create that one district.

SENATOR SMITH: That's true.

ASSEMBLYMAN WISNIEWSKI: Well, the testimony we heard from Cherry Hill was that it was very successful.

COMMISSIONER POTTS: Well--

MR. BRASLOW: Can I, if I may--

COMMISSIONER POTTS: He represented Cherry Hill.

MR. BRASLOW: I represent Cherry Hill. And part of the difficulty -- and I wasn't here. I was intending to be here when they were present. I couldn't for medical reasons. But I know that -- I'm assuming that part of the testimony you heard is that some of the issues, with the fire companies and some pre-existing agreements with the multiple district setup, has haunted them to this year. And the only reason I bring up that point is, we're not adverse to looking at consolidation and merger. We do think it should be done within a local study in each municipality. The difficulty is, though, there are a lot of inherent difficulties in trying to create that consolidation.

ASSEMBLYMAN WISNIEWSKI: Let me just make sure I understand this. You're saying that we should ask all of the fire commissioners in a town which of those commissioners want to give up their job as commissioner so they can consolidate?

MR. BRASLOW: This is what differs. That's a similar question to what you had posed to the municipalities, but the difference is this: there is currently a statutory mechanism where the municipality has the ability to dissolve a fire district, has the ability to create mergers. I know that there are current towns, right now, that are discussing the topic. I know there's a number of districts that are discussing the topic. So you're not really asking the commissioners to make that determination. You're asking the commissioners to be part of the dialogue with the governing body, which has the ultimate discretion to take appropriate action.

ASSEMBLYMAN WISNIEWSKI: You're absolutely right. But I think the one thing that this Committee has seen, over the six hearings we've held, is that there are a number of statutory authorizations already in place that allow for consolidation and shared services -- and we found that they are used more in the rarity than anything else. And it seems that the issue that Senator Smith pointed out, about potentially there being a conflict situation where you're asking an elected official at some level to do away with an elected official at another level's job, doesn't seem to work. And that's why we talked about Senator Kyrillos' bill on the BRAC-style Commission.

Any other members have questions for this panel?

ASSEMBLYMAN MALONE: Yes.

ASSEMBLYMAN WISNIEWSKI: Assemblyman.

ASSEMBLYMAN MALONE: The premise that I gave you earlier, about one of the main reasons why you establish fire districts being the taxing and collection of money -- have you had any new fire districts established, let's say, in the last five years?

MR. BRASLOW: I can tell you that, I think within the past several months, somewhere down in deep, southern Jersey -- I apologize, the name of the town escapes me -- there was a district created. I was involved in creation of the one and only district created in Warren County, in the past year, up in Washington Township; and I think two years prior to that, I was involved in creating a fire district in Franklin Township, in Hunterdon County.

ASSEMBLYMAN MALONE: But was it because of the taxing and fundraising issue?

MR. BRASLOW: That was certainly the major issue. And to talk to that, if I may for a moment. The difficulty is that these were fire companies and, I think, municipalities that recognized that there were certain laws that had to be adhered to. There were certain training requirements; there were certain aspects that had to be addressed to provide the protection. There was no other mechanism to address it. The municipalities had to consent to the creation. They did. They felt it was appropriate. There was an extensive amount of dialogue prior to the creations occurring. And you know, each municipality obviously is different and has their own rationale to how to create, or why to create, or if it should create.

ASSEMBLYMAN MALONE: But if there were exemptions created in municipal budgeting that would allow more appropriate funding

to go to fire companies or districts, would we, in essence, really need those districts; if, in fact, you could get the funding you needed to provide fire protection?

MR. BRASLOW: I think my answer would be that there is a certain-- I think part of it was the funding issue. I think the other issue is that you had fire companies that were dealing and having to come to municipal governing bodies, who had to deal with a myriad of issues, not just fire. And I not only think it's a financial issue, but I think part of the logic of the district was to have-- It's a very important topic, obviously. And to have individuals who have the ability to concentrate and be responsible only for fire protection, and possibly EMS, and that perhaps that was better served by having it separated so you didn't compete with all the other numerous issues that arise before a municipality. And I think that's as crucial an issue as the funding issue.

ASSEMBLYMAN MALONE: How do the other towns that don't have fire districts resolve those very same issues? If there are 85 percent of the towns do not have fire districts, they must be resolving those issues.

COMMISSIONER POTTS: Well, some portion of them, of course, have full-time paid departments, the larger municipalities, the cities -- Newark, Jersey City. They're not fire districts; they're municipal-operated paid fire departments.

ASSEMBLYMAN MALONE: And that's what I'm going back to. If 85 percent of the state can operate without fire districts -- and I guess it goes back to what Assemblyman Wisniewski said -- what is the real

reason for fire districts, if, in fact, other people can do it, if it's not for the fact of being able to raise money outside of the municipal budget?

COMMISSIONER POTTS: I think that's the issue. And that's why my fire district was formed, because the feeling amongst the fire personnel was that the--

ASSEMBLYMAN MALONE: You couldn't get the money from the town.

COMMISSIONER POTTS: --township wasn't supplying the money to provide the services. So they agreed, "Okay, you guys do it. Here's the method to do it." And I think that's how most fire districts come about.

ASSEMBLYMAN MALONE: Thank you. And I would agree with you.

Thank you very much.

ASSEMBLYMAN WISNIEWSKI: Assemblyman Gordon.

ASSEMBLYMAN GORDON: Yes.

If I could just respond to Assemblyman Malone's question: How do the other 85 percent do it? What they do is they create a board of fire commissioners, on which you'll find representatives of each fire company -- all volunteers -- no pensions, no salary; and perhaps a member of the municipal governing body as a liaison, who brings back the request to the governing body. That's how the Borough of Fair Lawn does it, and I think most municipalities that don't have fire districts.

ASSEMBLYMAN WISNIEWSKI: Okay.

Seeing no further questions from my members of the Committee, gentlemen, thank you for your testimony.

There were some questions asked for additional information to be provided, if you could submit that to the Committee; and we will make sure that the other members get it. But thank you for your testimony.

And our final group this morning is going to be a business panel. It's going to be made up of representatives of the New Jersey Chamber of Commerce, Jim Leonard; Chris Emigholz, from the New Jersey Business & Industry Association; and Paul Tyahla, from the New Jersey Commerce and Industry Association.

Gentlemen.

Jim, why don't you begin.

JIM LEONARD: Thank you, Mr. Chairman.

Jim Leonard, from the State Chamber. I appreciate the opportunity.

One of the benefits of being able to sit through this hearing is to be able to take some notes on some of the things that have come up in the past three hours, and hopefully provide you with a little bit of additional information. While I'm primarily here as a representative of the State Chamber of Commerce, I am fairly active in my community, and I do have some additional information that I'd like to just make sure that you're aware of and you can follow up, through staff, either off-line or later on today.

First of all, the comment that was brought up about Andover Borough being -- saving a lot more money or having a lot less expenditure, per resident: They utilize the State Police for their police coverage, number one. And number two, they do have a sending relationship for their high

school. So their high school expenditures, perhaps, are not necessarily what they would be in Edison, if that was a community that was compared.

The second issue that came up just recently deals with the issue of fire districts. My community, Branchburg in Somerset County, just went through a discussion about fire districts. We actually have four fire companies in our community; three of which are fire districts, but not through our community -- they have fire districts through neighborhood communities.

So, for example, one of our fire companies has half of their coverage in Branchburg and the other half of their responsibility is in Hillsborough Township. Hillsborough has a fire district where residents pay into their coffers, but the Branchburg side of it does not. So it's an extremely complicated issue. And kudos to you for trying to dig into it a little more.

From the Chamber's perspective, the questions of whether a county plow should pick up its blade when it's plowing the snow when it hits a municipal road, as opposed to a county road; or whether every fire district needs an aerial in order to fight fires -- the issues come down, quite frankly, to: Is it worth the cost? I know in my community, do I want my daughter to have a letter jacket that says Branchburg High School? I'd love that. But the question is, is it worth the cost? My community has a shared relationship with Somerville. Our students go to Somerville High School, and we all wear Somerville High School on our shirts. So the question is, for this Committee, and for the other three Committees that are hearing about property taxes today, is it, in fact, worth the cost?

We have heard some very interesting statistics today and in the last six hearings. And specifically today -- I think this is the first time that one of the four committees is talking about a package of bills, and I'd like to talk a little bit about those bills from the Chamber's perspective.

From a philosophical perspective, the Chamber supports legislation that generally provides incentives or financial advantage for any type of action that should happen, as opposed to mandates. So the Chamber supports bills like A-50 and A-864, which provide incentives and financial rewards for shared services and for municipal consolidation. We also support as much public involvement in the election process as possible, so we do support Assembly Bill 52, which moves the fire district elections; however, we would like to see a continued vote by the public on the budgets.

Senator Smith did mention, when he was here -- there was a discussion about fire district consolidation and about county health departments, or counties being responsible for health departments. Again, Branchburg, Somerset County, has just gone through a study to see whether or not that should happen. We'd be more than happy to get you the study that we did that talked specifically about that.

Assembly Bill 864 falls, again, into the same category that I was talking about, in terms of providing incentives for consolidation of municipalities and regionalization of schools. The State Chamber would like some consideration given to the outcomes from a pupil perspective when it comes to school consolidation. There are studies that do show that, in fact, sometimes a consolidation doesn't necessarily lead to the best outcome from a student perspective. And so we would like to make sure

that DCA, when they're going through their analysis, puts that as part of the item that's discussed.

The new bill that was added yesterday, Senate Bill 2244 -- again, the Chamber supports this bill because it puts consolidation of services in the hands of those who use the services and actually pay for the services to be done. In order to make sure that there is a true cost-benefit picture, that has to be made clear to the voters before they, in fact, vote on the referendum.

And that kind of does bring me back to the original theme: Is it worth the cost? If a municipality wants to remain as a municipality of 200 residents, or 40 residents, or 21 residents, certainly, as currently stands, that is their right. But there is a cost to that. And there should be no reason why the Legislature can't stand up and say, "Look, you've chosen to do this, and there is a cost involved. You will have to pay the additional cost, because we're not going to provide the same type of financial incentives or financial services that we have to other municipalities who have gone forward and merged."

And we do like Senator Kyrillos' bill that deals with consolidation, because it is a difficult thing. And from a 30,000-foot perspective, if you can get someone to look at it analytically, we think that's the best approach.

Finally, let me end with a little bit of philosophy. I think I've frequently said that it's very difficult to cut a dollar, from a political perspective. There's not a lot of political value in that. When you add a program or you add a teacher or you add a school bus, a lot of people come out and say, "Congratulations." But when you look to cutting programs or

cutting financial aid, you definitely hear from the opponents of that and you're chastized.

On behalf of the State Chamber, we thoroughly applaud what you're doing. We think the more bold the better. And we look forward to continuing to work with you on the issues that you've brought up.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

Any members of the panel have questions? (no response)

Okay.

Next, Chris Emigholz, from the New Jersey Business & Industry Association.

C H R I S T O P H E R E M I G H O L Z: Thank you very much, Chairman. Thank you very much, Committee, for inviting NJBIA today.

I'd like to start, before I get into the specific pieces of legislation, to ask you to be bold. NJBIA and the business community want this Committee and this Legislature to be bold in this historic time. The special session is a special opportunity. NJBIA asks you, in the special session, not to look at what is and ask how we can improve them, but to look at what could be and to try to think about how we can get there.

And I'd like to applaud this Committee and legislative leadership for going in that direction. The direction, the comments, the perspectives that I've heard from this Committee are laudible. And the business community and NJBIA thinks we need to go there, so thank you.

For the specific legislation, NJBIA is very supportive of consolidation of shared services, and believes that they must be a part of true property taxes reform. The five bills that are brought up today, we're

supportive of the general direction of all of them, but especially Senator Kyrillos' bill and Senator Smith's bill.

No matter how much economic sense mandating -- consolidation of shared services might be, it probably will not happen without a mandate. We know the political realities of the state that we live in. We know the feasibility of some of the things that we've talked about and talked about for weeks, and I've heard every Wednesday at 10:00. And sometimes -- you have a very difficult task in front of you, and I think everybody knows that.

So Senator Smith's bill, S-2244, by taking certain administrative functions that are not necessarily part of the home rule, that certain people in New Jersey treasure -- taking things like property tax collection and assessment, taking things like a public health services, taking things like animal control -- putting that on the county level and asking the people if that's something they want, and making it a binding referendum for what the people decide -- that's a fantastic way to go about this. Again, it takes it away from maybe those local governments, local municipalities deciding what's right, and putting it in the hands of the people that -- those people have the property tax problems. Those people have the escalating costs that they have to face every year. And they need to decide, are they worth keeping what we have, or are they worth the change in a reform?

We also look at Senator Kyrillos' bill the same way: That the issues that we have in front of us, this Legislature, as Senator Kyrillos said earlier, has not dealt with some of the things that maybe need to be dealt with, and they're very hard. And there's good reasons why political realities make it very difficult. So putting it in the hands of a commission, a

commission of experts -- a commission of experts that will review and thoughtfully consider all the ramifications of their proposals -- thinking about what makes sense for the State, what makes sense for the taxpayers and their property tax bills -- and giving a list, and making a binding vote of the Legislature: the decision of, are we going to do this or are we not?

And I think those decisions -- Senator Smith's bill, Senator Kyrillos' bill -- need to be made, because they're binding. We need to move in the direction of mandates.

The other three bills -- the other two bills that are based on incentives-- Again, we support the direction of anything that will move New Jersey towards consolidation and shared services. But incentives aren't enough. Incentives have been in existence in this state for some time and have not done enough. And incentives also miss the fact that they're not changing the property tax bill that residents are getting every year. They're not changing, and stabilizing, and reducing that bill. Incentives are actually making an increased spending on the government's side, to subsidize something that probably should be done already by the municipalities themselves, and shouldn't be subsidized. And no one should be spending any money on it, because they're good behavior.

As far as A-50 and S-864 specifically: With S-864, using the direct property tax relief, that the State already does, is problematic because, again, it's not creating a change in the property tax bill the people are getting. And it's also leaving out the business community. The business community pays approximately 30 percent of the property tax burden in the state, owns only about 6 percent of the property units in the state, and yet does not receive the direct property tax relief that are in those rebates

that would be enhanced and augmented with S-864. And so, again, you're leaving out a fundamental part of who is paying the property taxes in the state in the incentives you're providing. So, again, that bill-- Again, we support the general direction of both of those bills -- A-50 and S-864 -- but they don't go far enough.

And lastly, with the fire district bill -- A-52. Again, we are supportive of the direction. We think consolidation, we think putting caps on is the right idea. But an end goal of the special session should be reducing or eliminating fire districts, should be regionalizing the approach to fire services, not just kind of piecemeal, and dealing with the political realities, and having an incremental approach. So, again, the direction is good, but maybe go further.

We look forward-- NJBIA looks forward to looking at shared services and consolidation for school districts. And we, again, support shared services and consolidation there, and think the mandatory approach is best.

We offer our help to this Committee for doing the fantastic job that you have been doing. And please keep up the good work.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you very much.

Next, we have Paul Tyahla, from the New Jersey Commerce and Industry Association.

Paul, thank you.

PAUL V. TYAHLA: Good afternoon, Mr. Chairman.

Thank you for the opportunity to speak to this group today.

Beginning, again, at the philosophical and 30,000-foot level, we applaud this Committee for the work that it's undertaking. We applaud the entire Legislature for setting this group up. We believe that consolidating services and focusing, to a large extent, on the expense side of the equation is a mandatory part of anything that is going to be true property tax reform.

Specifically to the legislation before us, we believe that a special session is a time for aggressive and more bold moves, and not for incremental steps that may not advance us as far as we need to go to bring benefits to the taxpayers and the businesses of the state.

We are especially enthusiastic to read SJR-47, Senator Kyrillos' bill, and the process of taking consolidation out of the political arena and setting up a BRAC-style commission to analyze reports, come down and really make the Legislature take action, and to make all of that action binding. We also greatly support the direction of S-2244, again because it makes these actions mandatory and it helps us get over some of the historical hurdles behind consolidation in the past.

The other pieces of legislation are all worthwhile. And we support the goals of those, which are consolidation. But, again, we do not believe that incentives are enough on their own. We have tried incentives in the past, and they do not benefit everybody who is currently suffering under the property tax burden, specifically homeowner rebates.

As my colleague said earlier, businesses pay 30 percent -- at least 30 percent of the property taxes in this state. They own 6 percent of the parcels of land. They do not directly use all of the government services,

and yet they would not be part of this incentivized program. So for all of those reasons, we more strongly support SJR-47 and S-2244.

And we thank you for your time on this.

And, again, we know that you've heard from a lot of different organizations and a lot of different interested parties that recognize the importance of consolidation, have laid out all of the challenges -- or hopefully most of the challenges that go on in the process. And we recognize that you have a monumental task before you. And we offer our support in helping you any way we can.

ASSEMBLYMAN WISNIEWSKI: Thank you for your testimony.

Anyone have any questions?

Senator Kyrillos.

SENATOR KYRILLOS: Mr. Chairman, I just want to thank these three representatives of the New Jersey employer community for their strong interest on behalf of their constituencies.

They are, I can assure you-- And I don't have to tell you, your memberships are watching this process very, very closely. I appreciate your leadership and your encouragement for my initiative and some of the others here today.

Thank you.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

Assemblyman Malone.

ASSEMBLYMAN MALONE: Just a general question: What happens to business if we don't solve this problem?

MR. LEONARD: Assemblyman, I think you said it first, in the hearing: That the business community is leaving the state. When they look at census data, or you look at anecdotal information that you hear in your district offices-- The business community -- one of the main reasons why they tend to be leaving the state, and tend to be -- or expanding elsewhere -- is because of the high cost of doing business. Municipal consolidation, fire districts-- They all take some tax out of the business community and add to the cost.

So anything that you can do to lower the cost of running a business in this state will definitely improve not only the business climate, but also the constituents that elect you, because there will be more job opportunities, there will be more money in the economy.

ASSEMBLYMAN MALONE: Could I ask that maybe, if you could talk to your constituent groups and ask them -- if there are individuals who have business models that may be affected -- for us to be able to share with some of these entities? I mean, there's got to be a better way of doing some of the things we do. And I can't imagine that business and industry has not, over the years -- that they cannot provide a better alternative to some of the things we're doing. And maybe we can incorporate those ideas into our thought process. Because it's just very tiring to hear people say, "It just can't be done. You can't change this."

We don't have a choice. I don't know how people can stand it anymore. We just don't have a choice.

MR. LEONARD: I think you're right. If you look at what some of the business models have been, clearly Bank A, if they merge with Bank B, is going to find some savings associated with that kind of

consolidation. But they are, in no way, shape, or form, going to lessen the customer service that they have. And isn't that really what we're looking for? I mean, we're trying to find out a way to have a local government entity provide the same or better services -- whether it's getting a student out of school, or providing law enforcement, or snow plows -- a better service to a constituent group, and yet have less of a cost. There are business models, and I'm sure that we can help you with that.

ASSEMBLYMAN MALONE: Thank you very much.

Thank you, Mr. Chairman.

MR. TYAHLA: May I add to Assemblyman Malone's question?

ASSEMBLYMAN WISNIEWSKI: Please.

MR. TYAHLA: Thank you very much.

That's a fantastic question, and that's why we're here today, because it's a business issue, too. And I think too often we think about it as a residential issue. And it is, and it needs to be addressed for the residents in New Jersey.

But businesses are sort of faced with a double hit, where the business itself is paying property taxes, and sees that escalating cost every single year factored into their budget. And small businesses, which this State thrives on and needs, have trouble with that.

But on top of that, it's a personal tax issue, because businesses cannot find workers that want to come to New Jersey. Major corporations are deciding to relocate elsewhere, because their property taxes are better. And their residents -- their employees would rather be residents of other states beside New Jersey. And every single year, because of that double hit--

NJBIA surveys it's almost 24,000 members: "What are your top concerns?" Number one, every year, is health-care costs. Number two is property taxes. And that is a business issue, too. Property taxes are a business issue, too. And we can't state that enough. And businesses will keep leaving.

And thank you for asking that question, Assemblyman Malone.

ASSEMBLYMAN WISNIEWSKI: Gentlemen, thank you for your testimony this morning.

I'd like to thank everyone who came and testified before the Committee this morning, and thank our members for staying and listening to all this very informative testimony.

We will reconvene again next Wednesday.

We're adjourned.

(MEETING CONCLUDED)