

## **Hunterdon Freeholders Oppose State Bond Plan That Puts Property Taxpayers At Risk**

Hunterdon County's Freeholder Board, at the June 16<sup>th</sup> meeting, unanimously opposed the Governor's plan (A-4175) that would permit \$14 billion in state borrowing without voter approval and which could force property taxpayers to pay for the bonds through a statewide surcharge.

Freeholder Board Director Shaun C. Van Doren said, "The bonding plan must go before the voters on the ballot for approval. This was decided by the NJ Supreme Court when our former Senator and Congressman Leonard Lance successfully challenged then Governor Jim McGreevey's attempt to avoid a bond referendum in 2004. The present borrowing plan is unconstitutional."

Lance v. McGreevey, decided by the New Jersey Supreme Court in July 2004, determined that borrowed funds cannot be used as income to balance the state budget and that bond proposals must be placed before the voters.

Also, under language in A-4175, the bond debt would be repaid by monies collected from the sales and use tax and through the collection of a municipal property tax assessment and levy, if revenues collected under the sales and use tax are insufficient to meet principal and interest obligations.

"The legislation puts property taxpayers on the hook for repayment of the bonds if state revenues fall short. Here in Hunterdon County, we have worked too hard to stay out of debt and freeze the tax rate to have state debt come in over the top to raise local taxes," Freeholder John E. Lanza stated.

Freeholder Matt Holt added, "There is no doubt that the current COVID-19 public health emergency has placed a great deal of stress on the economy and state revenues. However, simply borrowing more money without addressing New Jersey's structural financial problems is a major mistake.

Borrowing money without enacting needed fiscal reforms will only place greater stress on state finances. Increased debt will ultimately saddle New Jersey residents with higher taxes and accelerate the ongoing exodus out of our state," Freeholder Matt Holt added.

The Freeholders' resolution calls for the state to immediately begin working on enacting long term fiscal reforms and to re-open the state economy, which will result in increased tax revenues, instead of relying on \$14 billion in borrowing.

The legislation passed the Assembly last week, with District 23 Assembly members Erik Peterson and John DiMaio voting in opposition to the bill. It is now pending in the State Senate.

Freeholder Board Director Van Doren said a copy of the Freeholders' resolution would be forwarded to State Senators representing Hunterdon County and State Senate leaders, as well as the Governor.