



# City of Orange Township

29 North Day Street  
Orange, New Jersey 07050

## ***News Release***

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Contact: Frank Baraff 914-469-3775

### **Statement by Mayor Eldridge Hawkins, Jr. to the City Council on Pension Deferral**

“Under the Pension Deferral legislation, Orange is authorized to defer half of its pension obligation this year. This is a deferral of \$1.9 million dollars. The money would be paid back over fifteen years or less. For the average homeowner in Orange, taking the deferral will mean a reduction of approximately three hundred dollars on what they would otherwise pay on their property tax bill this year.

The budget as introduced included a property tax increase of 18%, or \$1060 for the average homeowner. The deferral would lower that increase by 27%. If the Council adopts the \$1.7 million in reductions I recommended in January, that would lower the increase by another \$265 for the average homeowner. Together, that would reduce the anticipated tax increase from 18% to 6.8%.

Nonetheless, the decision to take or not take the deferral is not an easy one.

If we defer the money today, it will have to be paid back in future years. Unfortunately, in the midst of a depression, the state has given Orange and most New Jersey cities only the option of a pension deferral to hold down a property tax increase and not the extraordinary aid that we applied for and truly need in this financial crisis. Newark, East Orange, Hoboken and other cities face the same hard choice that we do.

So, while the deferral would mean lower taxes this year, it will mean higher taxes in the future unless we significantly cut spending or increase revenues. If you vote tonight (as I recommend) to apply for the pension deferral, understand that what you are doing is buying time. We must use that time to get our house in order and rethink how we operate.

If we take the pension deferral, we must commit ourselves to fiscal responsibility. We must commit ourselves to seriously changing the way we do business in Orange. We must plan to pay the money back in less than fifteen years and to address our long-term fiscal crisis.

We must fight for reform of New Jersey’s budget process so we’re not forced to adopt a budget nine months into the fiscal year. That makes long range budget planning virtually impossible.

We must implement shared services and purchasing with neighboring municipalities and the Board of Education.

We must continue to explore a reassessment to repair the imbalance between residential and commercial property values. Revaluation forced homeowners to pay more than their fair share of property taxes.

Whether the issue is reassessment, how we spend our money or how we raise our money, we must above all achieve fairness for all taxpayers.”

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