GOLDEN: Little relief on property taxes

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The arrival of property tax bills is an annual rite of passage for New Jersey homeowners.

For some homeowners, the bill — which comes each August — is a holiday greeting card; for most others, it's a ransom note.

For years, the highest-in-the-nation property taxes have been the most serious issue facing the state, easily outdistancing education, environmental protection, crime or transportation.

Despite some progress in dealing with it, the broad perception remains that the property levy is too high and will continue to increase year after year.

Such a view has led to weary resignation, a stoic acceptance that taxpayers must live with the burden of property taxes the way Londoners lived with the blitz in the 1940s — it's something that will always be there.

Controlling property taxes has been a staple in gubernatorial and legislative campaigns for many years and will be again in 2013. Contributing to the pressure this year has been the collapse of the housing market and decline in home values. A record number of tax assessment appeals succeeded and a great many homeowners won significant tax reductions that had to be made up by other taxpayers who didn't appeal or lost their appeals.

In Atlantic City, for instance, several casino-hotels won appeals, forcing the City Council to borrow more than $100 million to cover the lost revenue. The remaining taxpayers have been forced to not only shoulder the burden of covering the loss, but of paying off the municipal debt as well.

The problem posed by using property taxes to finance county, municipal and school district operations is a systemic one, resting on the theory that the value of property is the most reliable test of individual economic circumstance and ability to pay.

The theory has been undermined by the expansion of government and an increased demand for services. The financing mechanism has not changed significantly, and property owners assumed the ever-growing cost through ever-increasing taxes.

To be sure, the controls put in place have slowed the rate of property tax increases, but are more about holding increases to a pre-determined manageable level rather than stabilizing or reducing them. The systemic problem is unchanged — the unfairness inherent in a tax structure that fails to take into account any qualification other than property value to support government.

Taxes on income and consumption of goods and services are traditionally seen as more reliable indicators of individual wealth, yet in meeting the cost of local governments, neither one is used.

When the issue is raised, there is little appetite to confront it. The discussion turns to shared services arrangements or consolidation of municipalities to eliminate duplication, but such agreements have been thwarted by fierce local opposition and the strength of home rule.

Alternative taxation, such as local income or sales levies, draws vigorous protests that it amounts to additional taxation, even though it would lead to significant property tax reductions, instill equity in the system and could easily be statutorily or constitutionally protected.

There is, in short, no reason to believe the Legislature will undertake the kind of restructuring of the system that is clearly necessary. Many legislators have been candid in their assessment that the will to do so is lacking and any effort in that direction would be stymied by political and private interest pressures.

Talk of a constitutional convention to restructure the entire tax system surfaces periodically, but hasn't progressed beyond the talking stage.

The cap on tax rate increases and requiring public employees to pay more for their fringe benefits were achieved only after furious political accommodation. Reaching even further is not something many legislators are eager to attempt.

In the meantime, those ransom notes continue to arrive every August.

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