

R-135-12

**RESOLUTION IN SUPPORT OF A-3393,
LEGISLATION TO PROTECT RESIDENTIAL PROPERTY TAXPAYERS
FROM THE LOSS OF TELECOMMUNICATIONS TAX SUPPORT**

WHEREAS, in 1997, at the request of incumbent utilities, the laws regarding State taxation of telecommunications corporations were amended in response to technological and market innovations, in order to increase competition; and

WHEREAS, the amendments sought to preserve revenues to local governments by providing that local exchange telephone companies subject to the New Jersey Franchise and Gross Receipts Tax on April 1, 1997 would continue to be subject, annually, to the Business Personal Property Tax (“BPPT”); and

WHEREAS, the statute defines local exchange companies as those telecommunications carriers “providing dial tone and access to 51% of a local telephone exchange”; and

WHEREAS, Verizon’s self-serving interpretation of the statutory definition has led it to claim exemption from the BPPT in any municipality where the corporation unilaterally determines, in any given year, that it no longer supplies dial tone and access to at least 51% of the local telephone exchanges; and

WHEREAS, Hopewell Borough’s challenge to that claim was upheld by the Mercer County Board of Taxation in 2009; and

WHEREAS, Verizon’s appeal of that determination to the Tax Court resulted in a June, 2012 trial court decision accepting the corporation’s self-serving interpretation of the law; and

WHEREAS, as things now stand, over 100 municipalities know that they enter 2013 without BPPT revenues that will cost property taxpayers well in excess of \$8 million and, unless matters change, more municipalities will lose more millions in the future; and

WHEREAS, remedial legislation (A-3393) has been introduced by Assemblyman Ralph Caputo, which will clarify the perceived ambiguity of the statutory definition to further implement the original legislative intent to preserve revenues to local governments; and

WHEREAS, we anticipate the introduction of companion legislation by Senator Bob Smith, as soon as the Senate next convenes.

NOW, THEREFORE, BE IT RESOLVED, that the Township Committee of Township of Washington, in the County of Morris, and State of New Jersey, commends Assemblyman Caputo and Senator Smith and strongly supports A-3393, which would clearly identify the telecommunications carriers subject to taxation on their business personal property and remove the budget uncertainty caused by Verizon’s obfuscation; and

BE IT FURTHER RESOLVED, that we urge our State Senator and our representatives in the General Assembly to join as co-sponsors of A-3393 and its companion bill and that copies of this Resolution be forwarded to the Honorable Governor Chris Christie, the Honorable Speaker of the General Assembly Sheila Oliver, the Honorable President of the State Senate Stephen M. Sweeney, the Honorable Assembly Republican Leader Jon Bramnick, the Honorable Senate Republican Leader Thomas H. Kean, Jr., and our own State Senator and Representatives in the General Assembly, and to the New Jersey State League of Municipalities.

ATTEST:

**TOWNSHIP COMMITTEE OF THE
TOWNSHIP OF WASHINGTON**

Deborah A. Burd, Acting Township Clerk

Kenneth W. Short, Mayor

I, Deborah A. Burd, Acting Township Clerk, do hereby certify that the foregoing resolution was adopted at a meeting of the Township Committee held on November 19, 2012.

Deborah A. Burd, Acting Township Clerk

Date

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3. The Honorable Speaker of the General Assembly
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4. The Honorable President of the State Senate
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