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Alabama's Jefferson County slashes budget 33 pct

Mon May 18, 2009 6:42pm EDT

By [Verna Gates](#)

BIRMINGHAM, May 18 (Reuters) - Alabama's Jefferson County will slash its budget by 33 percent because of a decision by the state government not to pass two taxes that would have aided the debt-ridden county, officials said on Monday.

The decision is a further blow to a county that has fought for over a year to stave off what would be the largest municipal bankruptcy in U.S. history and figure out how to refinance a \$3.2 billion debt.

The county, which includes the state's largest city, Birmingham, accumulated its debt through costly bond and interest swaps as it attempted to improve its aged sewer system.

Jefferson County Commission President Bettye Fine Collins asked elected officials and department heads in a memo to draw up contingency plans by June 1 for a reduced budget for the following quarter.

"Your cooperation in this difficult task is appreciated," she said in the memo seen by Reuters.

The cuts are part of an attempt to balance the county's budget as mandated by Alabama's constitution and come on top of a 10 percent cut announced in April.

They could result in the loss of 1,200 county jobs from a total of 3,000 employees, according to a spokeswoman for Collins.

The sheriff of Jefferson County protested last month's cuts, warning of a dangerous gap in law enforcement in Birmingham, which ranks in the top 10 of the nation's most dangerous cities.

The state Legislature in Montgomery ended its 2009 session on Friday without passing a 1-cent sales tax that would have raised crucial revenue for the county, and a separate occupational tax stalled on the House floor. (Writing by Matthew Bigg; Editing by Jan Paschal)

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