



## **News Release**

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**For more information, contact:**  
Jerry Cantrell  
973.252.9274  
[jcantrell@njtaxalliance.org](mailto:jcantrell@njtaxalliance.org)

### **NEW JERSEY TAXPAYERS COALITION RESPONDES TO GOVERNOR CHRISTIE'S 2011 BUDGET PROPOSALS**

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Randolph, NJ – March 25, 2010 – With the continuing fiscal crisis in mind the New Jersey Taxpayers Alliance, a collection of business and civic organizations, today responds to the Governor's Budget Address proposal, and offers up its own platform to enhance the proposed fiscal reforms intended to lead New Jersey out of our current doldrums and on to a permanent upswing.

Admittedly both the Governor's and our proposals will impose sacrifice but given the alternatives they are reasonable and justified if New Jersey is to reverse its on-going precarious financial straits.

Jerry Cantrell, NJTA president stated, "We've all known a day of reckoning was coming and while the special interests continue to avoid responsibility, it's time to face the realities and deal with the consequences. New Jersey's taxpayers have had enough of always shouldering the entire burden alone."

Since we couldn't express it better than the Governor in his recent letter to the leaders of the NJEA and the NJSBA, we offer up his definition of the situation;

"New Jerseyans across the state are suffering through the worst economy since the Great Depression, face the highest burden of state and local taxation in the

country, and bear the consequences of years of poor policy-making decisions and irresponsible budgeting practices. With a nearly \$11 billion budget deficit that needed to be closed for Fiscal Year 2011, there is no disputing New Jersey has been facing an economic and fiscal crisis that forces tough choices and now requires shared sacrifice.”

Yet the mantra from those same leaders is that they are not to blame and that the taxpayers just have to suck it up and continue with the status quo by absorbing double digit increases because **“it’s all for the children...”** or **“but we have a contract”**. Explain that logic to our neighbors who’ve been out of work for over a year.

In the state where it’s documented that:

- “A state retiree, 49 years old, paid, over the course of his entire career, a total of \$124,000 towards his retirement pension and health benefits receives a windfall of **\$3.8m on a \$120,000 investment**; while a retired teacher paid \$62,000 and yields **\$1.4 million in pension benefits and another \$215,000 in health care benefit premiums** from the taxpayers.
- In addition many of those same individuals are walking away with triple digit “bonuses” in the form of accumulated sick and vacation days.

It’s wrong, the special interests know it’s wrong and it’s time we all acted like adults.

To add fuel to the fire, according to the Tax Foundation “How does New Jersey tax thee? Let me count the ways... “:

- **Our State Business Climate Index, a measure of each state's "tax-friendliness" toward business, ranks New Jersey 47th for individual income taxes,**
- **New Jersey has the highest state and local tax burden—the percentage of total state income taken in taxes as a percentage of state income—in the country at 11.8%,**
- **New Jersey's state sales tax rate—as of now—is 2nd highest in the nation,**
- **New Jersey has a monstrous 6 bracket income tax with the top rate at 8.97% (formerly 10.75% that just lapsed),**
  - **That top rate is the 6th highest in the country; tied with New York, (we were 2<sup>nd</sup> only to Hawaii’s 11%),**
- **And New Jersey has the second highest state and local tax burden per capita in the country at \$6,610,**

- While New Jersey does not have local sales taxes, it is possible to have local income taxes. Newark has a 1% tax on employee income.
- New Jersey is 6th highest for state income tax collections per capita and 8th highest for state and local income tax collections.
- **New Jersey ranks 50th in property taxes on the T.F. Index.** Property taxes on owner-occupied housing as a percentage of median home value in New Jersey is the 2nd (2008) highest in the country, and state and local property tax collections per capita ranks 1<sup>st</sup>,
- **And then there are corporate income taxes. New Jersey is in the bottom ten for corporate income taxation in the Index. Its 9% rate is the 6th highest in the country; tied with Rhode Island.**
- New Jersey raises the 5th highest amount of revenue from state and local corporate income taxes per capita (2008),
- Overall New Jersey gets last place in the Tax Foundation's Index—taking into account sales, personal and corporate income, property, and unemployment taxes.

As these highlights illustrate New Jersey's tax climate exceeds one's ability to comprehend, yet the special interests want more, every year, forever...

**Well, guess what?**

**New Jersey Taxpayers Alliance wants to announce that the party's over!**

So, we are here to say it is time for change and we are here today to strongly endorse the Governor's proposed budget plus to add our own enhancements included on the accompanying page.

Given the magnitude of the outstanding debt and indeed the current level of expenditures versus revenues, it is fraudulent to continue to maintain promises that are not financially feasible.

Cantrell concluded, "So let's accept the pain created by past failures and understand that we are ALL in for a prolonged period of sacrifice. The sooner we get to it the better we'll ALL be and the sooner it will begin to get better. Certainly it won't be nearly as dire (i.e., "*draconian*") as the special interests are claiming and keep in mind we're not just doing it for ourselves it is for the sake of our children and the future generations. We made the mess and we shoulder the responsibility for fixing it. If not now, WHEN?"

#### **About the New Jersey Taxpayers Alliance**

Under the leadership of the New Jersey Taxpayers Association (NJTA), New Jersey civic and business leaders today announced the formation of the New Jersey Taxpayers Alliance, a non-partisan, grass-roots organization dedicated to achieving real and sustainable tax reform in New Jersey. Comprised primarily of civic, business and professional associations, the Alliance's mission is to educate and inform New Jersey taxpayers about sound fiscal policy; provide state policymakers with objective, non-partisan research about the impact of specific tax, regulatory and spending policies; and advocate for

the adoption of rational public fiscal policy as it relates to individuals, non-profit organizations, small businesses and corporations. Please visit [www.njtaxalliance.org](http://www.njtaxalliance.org) for more information.

### **NJTA/Alliance Members:**

- ◆ Altria
- ◆ Commerce and Industry Association of New Jersey
- ◆ Excellent Education for Everyone
- ◆ GRAND Institute
- ◆ National Federation of Independent Businesses, NJ
- ◆ National Taxpayers Union (Wash, DC)
- ◆ New Jersey Gasoline - C-Store - Automotive Association
- ◆ New Jersey Restaurant Association
- ◆ New Jersey Retail Merchants Association
- ◆ New Jersey Society of Certified Public Accountants
- ◆ New Jersey Taxpayers Association



## **New Jersey Taxpayers Alliance proposes that the state:**

- **Adopt a single statewide contract for each of the individual bargaining units/entities statewide.**
  - Under this proposal there will be one contract for each of the individual bargaining units (i.e., police, firemen, teachers, superintendents, principals and supervisors, office workers, college professors, deans, presidents, etc.). There will no longer be separate contracts for each of the approximately 1600 governmental entities in the state,
  - Implement uniformity throughout relative to sick leave, terminal leaves, holidays, vacations, and/or any compensated time off, etc., **(No payments for unused sick, vacation or any of the other compensated time off days.)**
  - Mandate that every/all public sector individual contract(s) (i.e. superintendents, police chiefs, executives, directors, etc) be put online by 2012
- **Freeze any/all public employee publically funded pension/retirement plans in place, eliminating defined benefits and replacing them with 401b plans, stipulating matching contributions are adjustable,**
  - Eliminate part-time employees from the pension system.
- **Freeze all of the separate appointed boards, commissions and authorities' memberships in place for a year. Eliminate all boards, commissions and authorities that don't have a specifically defined and legitimate role in the governing process,**
  - Eliminate all appointees to boards, commissions and authorities from the pension/retirement and health benefit plans
- **Adopt, mandate, create and implement transparency portals across the state at every level of government and at all the individual entities to cover documented line item expenditures down to the check register detail,**
  - Adopt/pass existing legislation (S708) Transparency in Government Act
- **Introduce and pass legislation that mandates:**
  - Open contract negotiations at every level of government (state, county, municipal, schools, agency/authority/boards)
  - That every public sector contract be put online by 2012, and
    - Every and all NJ government lawsuit settlements be posted on line
- Mandate that every public employee contribute *the private sector, and federal government, average of 25%* of the cost of their individual healthcare coverage.