# Fighting For Taxpayers

## *Since Taking Office, One Of Governor Christie's Highest Priorities Has Been To Protect Taxpayers And Rein In The Cost Of Government*

> *"Our willingness to make the tough choices and achieve progress on meaningful reforms in a bipartisan w deliver millions in long-term, sustainable property tax relief for our middle-class families. My commitmen taxpayers is to continue down the path of relief with commonsense reforms to bring down the cost of*
>
> – Governor Chris Christie, Announcement Of $116 Million in New Local Property Tax Relief for New Jersey Families, October 16, 201

## RESPONSIBLE MANAGEMENT OF PENSION OBLIGATIONS

The Christie Administration has taken aggressive action to implement more responsible, efficient and effective management of the state's pension and benefits systems. In addition to the savings realized from the sweeping pension and benefits reform, responsible management and increased oversight has produced an additional savings of <u>$116 million for taxpayers in fiscal year 2013 alone</u>.

### <u>Sweeping, Bipartisan Pension And Benefits Reform:</u>

Governor Chris Christie signed into law landmark pension and health benefit reform in June 2011. The fundamental reforms shake up New Jersey's out-of-date, antiquated and increasingly expensive pension and health benefit systems and bring to an end years of broken promises and fiscal mismanagement by securing the long-term solvency of the pension and benefit systems.

- Governor Christie's sweeping bipartisan pension and benefits reform will save New Jersey taxpayers $120 billion over the next 30 years.
- Pension costs for fiscal year 2013 alone are a projected $241 million less this year than they would have otherwise been without reform.

### <u>A Constitutional Amendment On Judicial Pensions:</u>

Following a ruling by the New Jersey Supreme Court exempting current judges from the increased contributions under pension reform, Governor Christie is supporting a constitutional amendment to ensure that the judges are playing by the same rules as other public employees and not sticking taxpayers with the bill for an unaffordable and unbalanced retirement for judges.

## FIGHTING FOR TAX RELIEF TO NEW JERSEY FAMILIES

Governor Christie Has Proposed A Bipartisan Compromise To Provide Tax Relief For New Jersey Families:

- Under Governor Christie's Plan, New Jersey Taxpayers Will Be Able To Claim An Income Tax Credit Of Up To 10 Percent Of Their Property Tax Bill.
- This Plan Will Provide A Savings Of $775 For The Average Family.

Governor Christie's bipartisan tax relief also increases the Earned Income Tax Credit to 25 percent of the federal tax credit:

- This means the average eligible family will receive a $550 annual benefit.

## REINING IN THE COST OF GOVERNMENT

### Interest Arbitration Reform:

Working together with Senate and Assembly Leadership, Governor Christie signed into law transformational, long-overdue interest arbitration reform that provides municipalities with the help they need to keep property taxes down for New Jerseyans.

The reform provides a meaningful cap of two percent that will be applied to all salary items, such as the cost of across the board and cost of living increases, step increment payments and longevity pay. In addition, this new cap:

- Prohibits non-salary economic issues to be arbitrated above the cap, unless already included in an existing contract.
- Puts in place concrete deadlines to help eliminate delays in the arbitration process, from contract negotiation to the receipt of the actual award;
- Caps Arbitrator compensation to incentivize speedy resolution of cases;
- Increases Ethical Standards and Training for Interest Arbitrators;
- Randomizes the Selection of Interest Arbitrators.

### Ending Sick Leave Payouts:

Governor Christie urged the legislature to end the practice of distributing cash payouts for sick days for government employees:

- Governor Christie Conditionally Vetoed Legislation That Would Cap Sick Leave Payouts At $15,000.
- Democrats Second Proposal To Cap Payouts At $7,500 Would Cost to New Jersey taxpayers A Minimum Of $3.25 Billion.
- Accumulated Sick And Vacation Payout Liability For Municipalities Statewide Is Currently $880 Million.

### Shared Services And Civil Service Reform:

Governor Christie conditionally vetoed Democrats' empty 'reform' bill and called on the legislature to give

municipalities greater flexibility in order to remove barriers to sharing services:

- The Local Unit Alignment, Reorganization And Consolidation Commission Determined That Civil Service Seniority-Protection Rules Are Among The Most Significant Barriers To Shared Services Between Municipalities.
- The Civil Service Opt Out Would Be The Most Comprehensive Way To Address The Barriers To Shared Services Posed By Civil Service Seniority Rules.

Bringing Accountability and Oversight to New Jersey's 'Shadow Government'

Since taking office, Governor Christie has repeatedly exercised his veto authority to rein in the spending activities of the State's so-called 'independent' authorities, boards and commissions. Governor Christie's proactive approach reflects his unwavering commitment to fiscal discipline and accountability from all facets of government.

- Governor Christie has vetoed the operating budgets of the New Jersey Redevelopment Authority, the Delaware River and Bay Authority (DRBA), the Waterfront Commission of New York Harbor, the New Jersey Racing Commission and the Maritime Pilots and Docking Pilots Commission when they acted against the interests of taxpayers.
- On other occasions, the Governor has vetoed excessive spending practices of the Delaware River Port Authority (DRPA), the New Jersey Turnpike Authority (NJTA) and the Higher Education Student Assistance Authority.
- Governor Christie has called upon each of the transportation authorities to curb excessive spending, and demanded that they eliminate egregious, long-standing practices such as allowing free tolls and fares for employees.
- Governor Christie demanded a clean sweep of the board and practices of the Passaic Valley Sewerage commissioners.

This use of the veto pen to check the spending and bad practices of these government-created spending entities is a substantial departure from the practice of prior administrations.

## REINING IN PROPERTY TAXES

2 Percent Property Tax Cap:

In July 2010, Governor Christie signed a two percent hard cap on property taxes, cutting out loopholes and putting control back in the hands of property taxpayers.

- "New Jersey homeowners paid an average of 2.4 percent more for property taxes in 2011, *the smallest increase in nearly two decades* …" (Megan DeMarco & Eric Sagara, "Did N.J. Property Tax Reform Help Most Taxpayers?" *Star Ledger*, 1/8/12)
- *Star-Ledger:* "At Long Last, Tax Relief"

Closing Loopholes:

Governor Christie has called on the legislature to prevent municipalities from increasing user fees as a way of circumventing the 2% property tax cap.

- This legislation will apply to funding for traditional services that were previously included the local budget.

The Property Tax Tool Kit:

In May 2010, Governor Chris Christie put forward a bold, fundamental reform agenda for controlling property taxes for New Jersey families, including a 33-measure package of reforms and a cap on property taxes.

- However, to date, legislative inaction has allowed only six of the 20 bills comprising the tool kit to be signed into law.

## LOWERING TAXES ON JOB CREATORS

Governor Christie Has Signed Into Law *$2.35 Billion In Tax Relief To New Jersey's Job Creators* – To Be Phased In Over Five Years – Spurring Economic Growth And The Creation Of Sustainable Jobs For New Jersey Families. ("The Governor's FY 2013 Budget: Budget Summary," Office Of Management And Budget, 2/21/12)

- These reforms were crafted with input from job creators around the state, who have stressed the need for tax reforms to increase the state's competitiveness, improve the business climate and create Jersey Jobs.
- This package of reforms was passed in 2011 with bipartisan support and is being implemented in an economically prudent and fiscally responsible manner.
- In January 2012, Governor Christie Signed Legislation Creating The GrowNJ Assistance Program Which Will Provide Over $200 Million In Tax Incentives To Encourage Business Investment And Expansion In New Jersey.

## PUTTING NEW JERSEY'S FISCAL HOUSE IN ORDER

Gross fiscal mismanagement had left an enormous $2.2 billion deficit in the fiscal year 2010 budget, with less than half of the budget year remaining, when Governor Christie was sworn into office. The state was a fiscal mess:

- The largest budget deficit per person of any state in the nation in fiscal year 2011;
- 70% increase in property taxes over the preceding decade;
- $121 billion unfunded liability in the State health benefits and pension systems;
- 115 tax and fee increases in the 8 years before he took office.
- State spending increasing at unsustainable and unsupportable levels – up 56% from 2001 to 2008.

Governor Christie acted to bring the budget back into balance, and did it without raising taxes, raiding the already-shrinking surplus, or increasing debt.

Putting New Jersey On A Sounder Fiscal Footing:

In Fiscal Year 2011, Governor Christie again acted decisively to close an $11 billion budget deficit and pass a balanced budget that set New Jersey on the difficult, but proper course to toward a sounder fiscal footing.

- The FY 2011 budget represented a 8.3% decrease in spending from the prior year, with cuts in

spending across every department;

- The budget included fundamental government reforms, while still acting on a commitment to provide for the most vulnerable New Jerseyans.
- The result was a balanced budget that put the State on sound financial footing and critical reforms to control the cost of government to ensure that New Jersey never again reaches the brink of disaster as it did in 2010 and 2011.

## BRINGING UNPRECEDENTED ACCOUNTABILITY TO GOVERNMENT

Governor Christie enacted reforms at never before seen levels of accountability to ensure a more efficient use of taxpayer dollars from local governments.

### The Best Practices Checklist:

For two years in a row, the Christie Administration has issued the Best Practices Checklist to the state's 566 municipalities to provide standards by which local government officials can perform an assessment of municipal and county operations.

- The checklist includes questions in categories such as General Management, Budget Preparation & Presentation, Health Insurance, Personnel, Public Safety, Energy, and Municipal/School Relations.
- In the first year of the Best Practices Initiative's checklist, 374 of the state's 535 calendar year municipalities indicated their adherence or commitment to implement 85 percent or more of the best practices.
- In the second year, more than 98 percent of the 545 calendar year municipalities received scores above 41 out of 50.

### Providing Transitional Aid That Includes Oversight And Accountability:

Continuing his commitment to strengthening New Jersey's cities and distressed municipalities through enhanced oversight, guidance and accountability, Governor Christie is committed to funding Transitional Aid that provides permanent and necessary accountability and oversight of the program.