

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

ASSEMBLY BILL NO. 3000

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 15 of the New Jersey Constitution, I am appending to Assembly Bill No. 3000, at the time of signing it, my statement of items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect.

Four years ago, the only institution growing faster than inflation in New Jersey was government. State spending, which had soared an average of 6.3 percent per year over the prior four years, coupled with property tax increases, which had averaged 5.43 percent per year, had exhausted the patience and emptied the wallets of New Jersey taxpayers, while starving the State's economy.

Four years ago, we promised to reverse these corrosive policies, and we have. We have cut taxes twelve times, saving individuals and businesses \$4.4 billion as a result of our cuts. Equally important, we have disciplined spending. State spending has increased during the past four years an average of 1.8 percent, a rate lower than inflation and the lowest rate of growth in fifty years. Property taxes, too, have increased only 4.2 percent per year, the lowest rate of increase over a comparable period of time since the enactment of the State income tax.

This budget, and the attached revenue certification, bear the fruit of these efforts: an explosion in revenue growth. Certified revenues are fully \$1 billion above last year's

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projections, and over \$500 million above the amount projected in January of this year in my proposed budget. Far from reducing revenues, our economic policies have stimulated increases in collections of the three major taxes -- corporate, sales, and income -- of \$1.6 billion over the levels of three years ago. Our success in investing State funds, moreover, has allowed the State to follow the practice of private industry in making its annual contribution to the pension fund from surpluses generated within the fund itself.

These figures reflect a reinvigorated economy, in which nearly 200,000 jobs have been created and in which unemployment stands at the lowest level in seven years. New Jersey is the only State in the Northeast to rank in the top ten in job creation through business relocation, and the nonpartisan Council of Economic Advisors has predicted that New Jersey will lead the Mid-Atlantic region in job growth again this year. While significant challenges remain, thanks to the cooperation of the Republican Legislature, New Jersey truly is on the right road to a brighter future.

I commend Senate President DiFrancesco, Assembly Speaker Collins, the chairman of the Assembly Budget and Appropriations Committee, Assemblyman Kavanaugh, and Senator John Ewing for their leadership in refusing to bow to extraordinary political pressure and achieving a budget that meets the fundamental goals of my budget proposal while saving present and future taxpayers tens of billions of dollars. I also acknowledge the efforts of Senator Robert Littell as Chairman of the Senate Budget and Appropriations Committee in shepherding this bill through the Senate.

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I support the overall spending plan presented in this bill. This budget pays for our present needs, but its focus is our children's future. It fully funds the State core curriculum content standards, ensuring accountability in our schools. It absorbs the cost of funding our Work First New Jersey welfare reform program, which is now considered a national model in its balance of toughness with compassion. It continues and expands our commitment to the environment, providing an additional \$42 million for hazardous site remediation and water quality monitoring. It invests heavily in our at-risk children, providing millions of dollars in social service, health care, and child care aid to children and their parents, in addition to the \$538 million increase in aid to primary and secondary education and substantial increases in aid to State, county, and private colleges. It provides for the largest-ever highway and mass transit capital program to renew our State's transportation infrastructure. Finally, by fully funding our outstanding pension liabilities, we have saved future taxpayers -- ourselves and our children -- \$47 billion. In the final analysis, Senator Ewing is right: it is all about the children. Because of the tough decisions we have made over the past four years, our present is secure, and our State prosperous; we are now poised to ensure the same for our children.

Notwithstanding my agreement with the overall spending plan, there are a few areas where I believe adjustments to the spending set forth in this bill are appropriate. Therefore, I am exercising my line-item veto power in a judicious manner to make adjustments to clarify State government's priorities for the

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coming fiscal year. Specific explanations for these adjustments are set forth below.

I am, accordingly, appending to Assembly Bill No. 3000, at the time of signing it, this statement of objections to the items, or parts thereof, to which I object and which shall not take effect.