



The New Jersey  
**Senate and Assembly Republicans**

**A Common-Sense Plan  
for a More Affordable  
New Jersey**



# The New Jersey Senate and Assembly Republicans

## **Addressing Your Priorities, Not Trenton's**

*Making Government Accountable*

### **Solving the Affordability Problem**

- ❖ Living in New Jersey has become increasingly difficult because of rising costs.
- ❖ Affordable homes and decent jobs are difficult to find for those just starting out, and it's getting harder for retirees on fixed incomes to pay rising property taxes.
- ❖ As New Jersey grows more expensive and unaffordable, government has failed to come up with solutions.



# The New Jersey Senate and Assembly Republicans

## A Better Way to Govern

### **Common-Sense Solutions That Will Make Trenton More Accountable and New Jersey More Affordable**

- ❖ Republicans have created a plan that will make living in New Jersey more affordable and Trenton more accountable to its citizens.
- ❖ The Republican plan is designed to make New Jersey more affordable today, and more livable tomorrow
- ❖ Our plan is based on commonsense solutions that you, the public, have demanded.



# The New Jersey Senate and Assembly Republicans

## **HOW TO MAKE NEW JERSEY MORE AFFORDABLE**

### **The Four Pillars of Reform**

- I. Spending That Reflects Your Priorities
- II. A Better Way to Govern Today
- III. Long-Term Strategy for an Affordable State
- IV. Growing Our Way to a Better Future



# The New Jersey Senate and Assembly Republicans

## **Spending That Reflects Your Priorities**

### **Finance the Most Important Programs**

- ❖ The state budget should maximize property tax relief and finance a system of roads and mass transit that is second to none.
- ❖ The Republican plan sets the right priorities by focusing your tax dollars on growth and affordability.
- ❖ Taxes, fees and tolls are too high. Republicans have come up with a budget that doesn't increase taxes or fees, yet funds the services that citizens say they want the most.



# The New Jersey Senate and Assembly Republicans

## **No New Taxes or Fees**

*Spending That Reflects Your Priorities*

### **Use Savings to Ease Taxpayers' Load**

- ❖ State audits have shown hundreds of millions of dollars in taxpayer money is wasted with little or no benefit. We looked first at these wasteful programs to find savings.
- ❖ Republicans found \$1.3 billion in the budget that can be better spent on behalf of the citizens of the state, and we did it without harm to vital programs.



# The New Jersey Senate and Assembly Republicans

## **A Better Budget**

*Spending That Reflects Your Priorities*

### **Protect Property Tax Relief Programs**

- ❖ Governor Corzine has proposed eliminating or slashing programs that help ease the property tax burden, such as aid to lower- and middle-class towns. Our plan doesn't.
- ❖ Governor Corzine, breaking a Democrat promise made only last year, plans to cut property tax rebates. The Republican plan protects tax relief for homeowners and renters that helps keep New Jersey affordable.



# The New Jersey Senate and Assembly Republicans

## **A Plan to Keep Us Moving**

*Spending That Reflects Your Priorities*

### **Fund Transportation Projects Without Toll Hikes or Gas Tax Increases**

- ❖ Governor Corzine has floated plans for everything from gas tax increases to 800% toll hikes.
- ❖ New Jerseyans already pay more for government than residents of all but a few states.
- ❖ The Republican plan provides \$500 million annually for transportation programs from existing revenues.



# The New Jersey Senate and Assembly Republicans

## Fix What's Broken

*A Better Way to Govern*

### **The Current System Encourages Abuse**

- ❖ The budget process that determines how the state spends your money is deeply flawed.
- ❖ There are few limits on bloated spending, and raising taxes and adding debt is just too easy.



# The New Jersey Senate and Assembly Republicans

## Controlling the Urge to Spend

*A Better Way to Govern*

### **Common-Sense Budgeting: Enact a Strong Cap**

- ❖ The Republican plan would limit spending increases to the rate of inflation.
- ❖ “One-shot” gimmicks, which lead to budget deficits and tax increases, would be prohibited.
- ❖ Surplus revenues would be saved for emergencies and property tax relief, not spent on pork-barrel projects.



# The New Jersey Senate and Assembly Republicans

## Ensure Accountability

*A Better Way to Govern*

### **SPENDING CONTROL: Mandate Continuous Audits**

- ❖ Taxpayer money is wasted because Trenton doesn't pay enough attention to accountability and efficiency.
- ❖ The Republican plan mandates a continuous audit of all government operations. The spending of all state offices and agencies would be examined on a 5-year cycle.
- ❖ Audits would identify wasteful spending that could provide greater public benefit.



# The New Jersey Senate and Assembly Republicans

## Fix the Broken Process

*A Better Way to Govern*

### **SPENDING CONTROL: Put the Brakes on Tax Hikes**

- ❖ Raising taxes is too easy. Simple majority votes in the Legislature are all that is needed. Recent tax increases passed with the minimum number of required votes.
- ❖ The Republican plan makes it harder to raise taxes by requiring a 2/3 vote.



# The New Jersey Senate and Assembly Republicans

## Stop Reckless Borrowing

*A Better Way to Govern*

### **DEBT CONTROL: Put Voters in Charge**

- ❖ Legislators routinely circumvent the constitutional requirement that most borrowing be approved by voters.
- ❖ The Republican plan will make it harder to borrow without voter approval.



# The New Jersey Senate and Assembly Republicans

## Give Voters a Louder Voice

*A Better Way to Govern*

### **Fiscal Oversight: Empower Voters with the Power of Initiative and Referendum**

- ❖ The Republican plan gives voters the power of initiative and referendum.
- ❖ Voters could repeal tax or fee increases or stop irresponsible spending.
- ❖ Voters would have the power to dedicate money to meet their priorities, not wait for elected officials to act.



# The New Jersey Senate and Assembly Republicans

## **Make Pay and Benefits Fairer**

*A Long-Term Strategy for an Affordable State*

### **Make Government More Affordable**

- ❖ State-run pensions are underfunded by billions of dollars, and we can't afford to increase taxes to fix the problem.
- ❖ Government retiree and health benefits are more generous than those provided to average New Jerseyans. The system has been repeatedly gamed and abused.
- ❖ Passing fair pension and benefit policies will make government more affordable and prevent tax increases.



# The New Jersey Senate and Assembly Republicans

## Responsible Compensation

*A Long-Term Strategy for an Affordable State*

### **PENSION BENEFITS: Raise the Retirement Age**

- ❖ The Republican plan would raise the average retirement age for new employees from 60 to 62.
- ❖ The change will greatly reduce the system's underfunding, reducing the need for tax increases.
- ❖ The plan brings state benefits closer to those of private-sector employees, who often can't retire before age 65, or don't have a pension plan at all.



# The New Jersey Senate and Assembly Republicans

## A Fair Deal for Retirees

*A Long-Term Strategy for an Affordable State*

### **PENSION BENEFITS: Reform the Pension Formulas**

- ❖ The current pension payout is based on a 3-year average of an employee's highest earnings.
- ❖ Pension payouts are “boosted” beyond what has been earned during a career by steering raises and overtime to an employee nearing retirement.
- ❖ The Republican plan would base pension calculations on a 5-year average, making it harder to boost payouts.



# The New Jersey Senate and Assembly Republicans

## End Bad Deals for Taxpayers

*A Long-Term Strategy for an Affordable State*

### **BENEFIT ENHANCEMENTS: Stop Costly Giveaways**

- ❖ Early retirement programs that are meant to shrink government and achieve payroll savings rarely work.
- ❖ Immediate payroll savings are far outweighed by the increased costs of enhanced retirement benefits. Vacant jobs are quickly backfilled, eliminating payroll savings.
- ❖ The Republican plan would ban early retirement incentives that only make government more expensive.



# The New Jersey Senate and Assembly Republicans

## Improve Efficiency

*A Long-Term Strategy for an Affordable State*

### **Reduce Number of State Holidays**

- ❖ State employees receive three extra holidays that the federal government does not recognize, and usually are provided the day after Thanksgiving as an extra day off.
- ❖ The number of holidays for State employees should be reduced to match those given by the federal government.
- ❖ This will lower overtime costs and make State services more accessible to taxpayers.



# The New Jersey Senate and Assembly Republicans

## **No Windfalls for the Few**

*A Long-Term Strategy for an Affordable State*

### **Apply Vacation and Sick Leave Caps to Local Employees**

- ❖ A \$740,000 payout to a retiring school superintendent, including \$170,000 for sick leave, was recently reported.
- ❖ State employees have caps on payouts for unused sick leave, but such caps do not exist for all public employees.
- ❖ The Republican plan would place a cap on payouts for sick leave for employees of local governments and school boards, and place a 1-year cap on accrued vacation time.



# The New Jersey Senate and Assembly Republicans

## **Stop the Economic Bleeding**

*Growing Our Way to a Better Future*

### **Jobs are Key to an Affordable New Jersey**

- ❖ Jobs has lost private sector jobs as business taxes and regulation have increased, while support services and incentives to move here have been slashed.
- ❖ Without new private sector jobs and businesses, New Jersey will be starved of the revenue it needs to provide vital services without tax increases.
- ❖ The Republican plan will create the economy and jobs that New Jersey needs to end its chronic budget woes.



# The New Jersey Senate and Assembly Republicans

## Create the Jobs We Need

*Growing Our Way to a Better Future*

### **STRUCTURAL REFORM: Restructure & Restore Commerce Functions**

- ❖ Streamline the State's economic development activities by consolidating them within the Economic Development Authority.
- ❖ Lower taxes by funding economic development through user fees and income generated from the lending operations of the EDA.



# The New Jersey Senate and Assembly Republicans

## Planning for Success

*Growing Our Way to a Better Future*

### **STRUCTURAL REFORM: Restructure & Restore Commerce Functions**

#### ❖ Create a Division of Commerce and Economic Development in the EDA whose duties would include:

- ❖ Conducting strategic economic research
- ❖ Developing statewide economic development policy
- ❖ Conducting a business census
- ❖ Establishing effective tourism marketing
- ❖ Add manufacturing resource centers

- ❖ Reorganize the Office of Travel and Tourism
- ❖ Maintain a network of outside resources to assist business, including consultants and higher education institutions
- ❖ Establishing technology transfer assistance programs



# The New Jersey Senate and Assembly Republicans

## Put New Jersey Businesses First

*Growing Our Way to a Better Future*

### **STRUCTURAL REFORM: Establish a Preference Program**

- ❖ Establish a preference program for NJ businesses under government contracts regardless of company size.
- ❖ Under current law, the state has contract set asides of 25% for small businesses.
- ❖ Pennsylvania, New York, Maryland, Massachusetts and Connecticut have more expansive programs than NJ.



# The New Jersey Senate and Assembly Republicans

## **Plant More Economic Seeds**

*Growing Our Way to a Better Future*

### **Job Growth Incentives: Extend Urban Transit Hub Tax Credits**

- ❖ Current law gives tax credits for capital investment and increased employment only in nine urban areas.
- ❖ Expand eligibility for the urban transit hub tax credit to benefit any municipality with a commuter rail station.



# The New Jersey Senate and Assembly Republicans

## Level the Playing Field

*Growing Our Way to a Better Future*

### **Job Growth Incentives: Single Sales Factor**

- ❖ Promote NJ businesses by moving to a single sales factor apportionment of income – at least for manufacturers.
- ❖ The single sales factor shifts the tax burden from NJ businesses with significant property and payroll.
- ❖ Helps NJ to compete with New York, Pennsylvania, Connecticut, Massachusetts and Maryland for business.



# The New Jersey Senate and Assembly Republicans

## **Give New Jersey Business an Edge**

*Growing Our Way to a Better Future*

### **Job Growth Incentives: Repeal Throw-out Rule**

- ❖ The throw-out rule increases the tax burden of businesses by taxing income earned outside the state if that income is not taxed in another state. Other states don't have this rule. Why burden New Jersey businesses or give them incentive to move?



# The New Jersey Senate and Assembly Republicans

## Incubate New Business

*Growing Our Way to a Better Future*

### **Job Growth Incentives: Conform Net Operating Loss (NOL) Policies to National Standards**

- ❖ Extend NJ's seven-year carry-forward or net operating losses to 20 years. Start-up companies need this break to conserve cash to finance their growth in later years. They say it's vital.
- ❖ Don't eliminate NOLs after mergers and acquisitions.
- ❖ Eliminate the requirement that NOLs reduce the dividends-received deduction, which provides a disincentive for large companies to do business in New Jersey.



# The New Jersey Senate and Assembly Republicans

## Fix What Trenton Broke

*Growing Our Way to a Better Future*

### **Job Growth Incentives: Reform BEIP**

- ❖ Restore Business Economic Incentive Program to its original form.
- ❖ Eliminate recently imposed restrictions, including caps on new employee salaries and the excess job creation requirement, and extend the 10-year term limit on how long companies can take advantage of the grants.



# The New Jersey Senate and Assembly Republicans

## Cut Red Tape

*Growing Our Way to a Better Future*

### **REGULATORY REFORM**

- ❖ **Adopt a permit extension policy to allow building projects to continue in an expedited fashion when financing or other issues cause delays.**



# The New Jersey Senate and Assembly Republicans

## **Make It Easier to Clean Up New Jersey**

*Growing Our Way to a Better Future*

### **REGULATORY REFORM**

- ❖ Create a “Licensed Site Professional” program in the Department of Environmental Protection that would permit state-certified environmental consultants to undertake the cleanup of contaminated sites.
- ❖ Modeled on a program in Massachusetts, this program could reduce the backlog of 20,000 cases in the DEP Hazardous Site Remediation Program.



# The New Jersey Senate and Assembly Republicans

## **Apply the Best Science**

*Growing Our Way to a Better Future*

### **REGULATORY REFORM**

- ❖ Create a scientific advisory committee to evaluate the underlying science in DEP rule proposals.
- ❖ The committee would be comprised of state officials, academicians and private sector professionals, providing a sorely needed oversight of DEP policies and actions.