



by Chris Emigholz
 Director,
 Education Policy

At Issue

BRAVO for Property Tax Reform Session....BUT...!

Give the Governor and Legislature a conditional bravo for their efforts in the special session on property tax reform. At this writing, we have not seen proposed legislation that would ultimately receive a vote, but the four special legislative committees assigned the task of coming up with comprehensive property tax reform by November 15 have put forward many good ideas that could help businesses. For that, we say "BRAVO." Unfortunately, we have to add a "BUT" because some proposals that would harm business are still in play.

BRAVO...In many of the positions they have taken on property tax reform, the Governor and Legislature seem to be in agreement with NJBIA.

The Joint Committee on Public School Funding Reform has taken NJBIA's five-point plan for the creation of a new school funding formula seriously. NJBIA has called for more accountability, one formula for all students, making sure funding follows students into their classrooms, and a realization of New Jersey's limited funds. Legislative leadership and the Corzine Administration have publicly supported each of these concepts. NJBIA will work on the funding formula proposal to help you get higher quality graduates for your workforce and more control of education costs and your property taxes.

The Joint Committee on Government Consolidation and Shared Services has taken a serious look at reducing the absurd number of local government entities in New Jersey (1,689 at last count). NJBIA strongly encourages mandatory shared services and consolidation to reduce your tax burden and improve the quality of the services you get from government.

The Joint Legislative Committee on Public Employee Benefits Reform has created quite a stir from the public employee unions. Proposals to correct pension abuses and make public

employees contribute to the cost of their health insurance are on the table. NJBIA supports these proposals.

The Joint Legislative Committee on Constitutional Reform and Citizens Property Tax Constitutional Convention is still assessing the need for a property tax constitutional convention. While legislative leaders have said they will not support a change in the uniformity or "fairness" clause of the state constitution (that clause requires that all property, commercial and residential, be taxed at the same rates), other plans to shift more taxes onto business are under consideration.

From the beginning, NJBIA has called on legislators to reduce government spending as the best way to address New Jersey's highest-in-the-nation property taxes. So far, cutting spending has been a part of the discussion, BUT...

...so have plenty of bad ideas. Employers should be especially wary of convening a constitutional convention to address property tax reform. A constitutional convention would be dominated by public employee unions and other special interests that have a lot at stake in maintaining the status quo at the expense of the taxpayer

NJBIA is also concerned about other ideas that would increase income taxes to offset property taxes. This could harm S corporations and partnerships that pay their business taxes through the income tax. Businesses should also be troubled by proposals that would allow local governments to increase the sales tax for their municipality or county. Overall, NJBIA is worried that legislators may ultimately back down to political pressures, avoid any controversial ideas that focus on spending cuts, and just look to shift or increase taxes.

The time to reform our property tax system is now, and the right way to do it is through government spending reform. Please let your legislators know that business is behind these efforts. Help make sure this historic special session deserves a sincere BRAVO, so that hopefully, NJBIA will not have to qualify it with a BUT....