



BY MICHAEL BUSLER
COMMENTARY

Personally, I love living in New Jersey, especially at the southern New Jersey shore. In the summer I can enjoy the nicest beaches in the world and in the winter the small town in which I live has such a strong sense of community that we all work and live together very nicely. So what's the problem?

I lived the first half of my life in Pennsylvania, mostly in and around Philadelphia. Once I started working I complained about the high taxes, especially when the Philadelphia wage tax was added to the other federal and state taxes. When I moved to New Jersey though, it got worse.

Newly elected Governor Christie clearly recognized the problem. He said he would not raise any taxes and would, in the future, make every effort to reduce them. Even though statewide tax revenue fell about 10% last year, he was able to balance the budget without raising any taxes on any group. While he was hailed for his action, the reduction in state spending, especially for aid to local municipalities, caused budget shortfalls at the local level. The fear was that the lost state aid would have to be made up by raising local taxes, mostly property taxes. But the governor did not want that to happen. So what did he do?

Currently there is a 4% cap on the amount that municipalities can raise property taxes. Christie said he wanted to cut that rate. After some deliberation, a 2% cap was recently approved, although it does allow for some exceptions mostly for state mandates and pension and benefit costs. Although this action is welcomed by taxpayers, it really does not go far

enough. Property taxes, as well as state income taxes, must be reduced in order for New Jersey to grow and prosper. If this does not happen, it is possible that raising tax rates, even modestly, will result in less, not more tax revenue. The reason is fairly simple to see.

When a New Jersey resident, who is hard working, earns a good income and is generally productive, adds up the amount that is paid in taxes, he may question whether New Jersey is a good place to live, especially if he resides near the state line so he may be able to easily commute from Pennsylvania or Delaware. In addition to the Federal Income tax, the Social Security and other payroll taxes that are assessed by the federal government, New Jersey residents pay much more. There is the New Jersey State income tax which could be as high as 9%. Then there are property taxes which, on average, are the highest in the Nation. Then there is a 7% sales tax on almost everything that is consumed and hidden state taxes on products like gasoline, alcohol and cigarettes.

As New Jersey continues to raise tax rates, it becomes more feasible for people to leave New Jersey for neighboring states. The resulting decline in state income could result in less revenue. B pa d pd ng re n g 09 n 0