



Updated: Fri., Oct. 30, 2009, 4:17 AM

Tax hikes forever

By JERRY CANTRELL

Last Updated: 4:17 AM, October 30, 2009

Posted: 2:42 AM, October 30, 2009

RUNNING for a second term, New Jersey Gov. Jon Corzine insists he's "fighting for what matters most."

Corzine's record plainly shows that the New Jersey taxpayer is among the least of his concerns. His record has yielded a toxic business climate, out-migration of entrepreneurs and a tax system that's falling apart. The result has been disastrous.

Perhaps Corzine's most fundamental error is to consistently try to fix public-policy problems by throwing more money at them -- funding the government largesse with tax hikes on individuals and businesses.

In 2006, for example, his "cure" for an ailing property-tax rebate system was a billion-dollar increase in property taxes. Years later, he had to eliminate the rebate anyway for more than a million households . . . but the tax burden remained.

Of course, he's never addressed the root failing -- that New Jersey spends too much on government operations.

Consider: Later in 2006, he called a special session of the Legislature with the mandate to "be bold" and pursue pension and health care initiatives. Lawmakers duly produced dozens of directives to help rein in taxes and the size of government, but Corzine stood with the public-sector unions and against the taxpayers, ignoring the proposed reforms.

The average New Jerseyan now pays \$1,000 more in property taxes than at the start of Corzine's term. Property taxes rank highest in the nation. Yet the public-pension system has become even less stable.

The state's income-tax structure remains one of the most progressive in America, topping out at 10.7 percent, only to Hawaii's 11 percent. This "tax-the-rich" approach creates a mountain of cash during good times and a hole during downturns. Corzine's apparent answer: Tax *everyone* more.

The recession and its impact on Wall Street brokers who call New Jersey home left the state with a \$10 billion deficit in 2009. But rather than flattening the tax code to make rates lower, and thus preserve some of the capital for investment after the crash, Corzine hiked taxes on income, cigarettes, alcohol and health insurance.

Bad move: Already this year, collections are below expectations; the state now expects an \$8 billion deficit next year. Not surprisingly, Corzine promises that his *next* "solution" will include extending income taxes.

Because of these tax-and-spend policies, New Jersey is hemorrhaging entrepreneurs and losing corporations to states such as Pennsylvania and North Carolina. In 2007, before the recession, a Rutgers University study found that New Jersey's private-sector job growth was 0.1 percent -- 41st in the nation and worse than every bordering state. The Jersey unemployment rate is the region's highest, and the highest the state has seen in a generation.

Nor do citizens get much for their taxes. Affordable-housing programs haven't produced promised results. Education development initiatives have failed to generate jobs, and poor kids in urban centers still attend inferior schools.

This, though spending by Garden State urban school districts is among the highest in the world -- more than \$10,000 per student. (Suburban school spending, meanwhile, is tops in the nation.)

Bottom line: Corzine has left New Jersey's citizens worse off than they were four years ago. The state needs to elect someone with the courage to rein in spending, put together a five-year plan for fiscal reform -- and stick to it.

We'll all have to sacrifice -- but we and our children will be better off for it. And New Jersey once again has a chance to promise we all chose to live here for.

Jerry Cantrell is president of the New Jersey Taxpayers Association.