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FROM THE OFFICE OF THE GOVERNOR

22 ANNUAL MESSAGE OF GOVERNOR BRENDAN BYRNE

FOR RELEASE: NOON, JANUARY 13, 1976

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Annual Message

New Jersey has done something remarkable for any government at any time. We have cut our spending.

A two per cent reduction this fiscal year marks the first time in modern New Jersey history that the State budget was reduced. Considering inflation, the reduction was more like 15 per cent.

While other large states strive to hold their budget increases within the cost of living index, you and I have actually slashed \$80 million from an already lean budget. And we did it while providing essential services and covering mandatory obligations.

Our State's fiscal condition remains one of the soundest in America. Debt service consumes less than four per cent of the budget. Operating economies are aggressively pursued.

We have the fewest state employees per capita in the nation. And our state taxes are among the lowest anywhere.

This is a significant accomplishment. But there is another side to the coin. We pay a heavy price for being so tight with a buck.

We have cut back some programs to the point of causing real human hardship, denying Medicaid patients who need them false teeth, eyeglasses and psychiatric services.

Our employees are well paid and have good benefits compared to those of other states. But we still ask too many men and women to work in State government at poverty level wages.

The functioning of government itself is affected in some areas. You can't cut expenses the way we have cut them and continue cutting them and have everything work perfectly. That's another part of the price we are paying.

Finally, we continue shifting the burden for paying for government programs onto the already overburdened local property tax -- the second highest in the nation.

The tax structure in New Jersey cannot be defended.

As long as I hold this office, I intend to continue the fight for tax reform to achieve residential property tax relief.

At the same time, the fight to squeeze more productivity out of every tax dollar is a never ending battle. It is a battle we have waged with particular success during the past year. Among many other cost-cutting and money-saving programs we have:

- . Saved \$5 million with a maintenance productivity program in the Department of Transportation.
- . Saved \$2.75 million in Medicaid funds by clamping down on ineligibles and providers.
- . Saved more than \$1 million by recalling unneeded State cars.
- . Saved \$600,000 by restricting use of photocopiers and phones.
- . Saved \$550,000 by substituting functional typewriters and office furniture for deluxe models previously purchased.
- . Saved \$400,000 in fuel costs for state-owned buildings.
- . Saved \$400,000 in insurance premiums with policies with higher deductibles by greater coverage.
- . Saved \$3 million in overtime costs in correctional institutions.
- . Saved \$1.2 million by restricting travel, subscriptions and organizational membership.

- . Saved \$265,000 by competitively bidding accounting, auditing and steno services.
- . Saved \$200,000 by auctioning state time-deposit accounts to the highest rate bidder.
- . Saved \$100,000 by bulk purchasing foods, linens and clothing for state institutions.
- . Saved \$73,000 by eliminating unnecessary wording in state legal notices.
- . Saved \$10,000 having the Attorney General act as bond counsel on general obligation bonds, instead of hiring outside lawyer.
- . Cut a proposed Turnpike toll increase in half and blocked plans to build a Toms River spur -- a move that would have increased tolls another 40 per cent all along the Turnpike.

BUILDING JOBS AND THE ECONOMY

With unemployment in New Jersey in double-digits -- and projected to remain so through 1976 -- we have no greater need than for an aggressive program to expand our economy. This must be the major focus of this Administration.

We have launched a broad program of improving New Jersey's economy and expanding job opportunities, a program that touches virtually every department of State government. Our goals are to assure the maximum infusion of public and private investment; and emphasis on job-generating activities; and resistance to price increases in family budgets.

Among the major economic achievements were these:

- . Our new Economic Development Authority arranged \$102 million in low interest loans at no cost to the taxpayer. Another \$126 million was infused into the economy by private borrowers. Results: 3,300 construction jobs and, eventually, 3,600 permanent jobs.
- . The Division of Economic Development is helping businesses cut through government red tape, training workers at no cost, keeping a computerized bank of plant and site locations and aggressively pursuing new jobs for New Jersey.
- . We increased the State minimum wage to \$2.20 an hour for more than 2.3 million workers.
- . We have established a permanent Capital Budget Commission to plan for meeting public needs.
- . We created an Urban Economic Development Task Force to help cities use the full range of available government finance programs.

- . We have enlisted the Port Authority of New York and New Jersey to help identify potential sites for urban industrial parks within the Port district.
- . New Jersey projects have secured \$26 million in federal economic development funds, the second highest total among the 50 states.
- . We repealed the state fair trade laws that maintained artificially inflated prices.
- . We established four Manpower Planning Regions to tie in city and county job programs under the Comprehensive Employment and Training Act.
- . The State Employment Service has increased job placements by more than six per cent.
- . We have cut Workers' Compensation claims processing by up to three months, and eliminated a 12,000 case backlog, without adding new judges.
- . Reforms in the unemployment insurance system have reduced paperwork and time spent waiting in lines.
- . We have started affirmative action program on public projects to assure equal employment opportunities.
- . The Department of Environmental Protection is required by law to act on permit applications within 90 days.
- . We have secured \$136 million in federal mass transit aid. That's more than New Jersey's total for the past 10 years. And we now have a commitment from UMTA for an added \$350 million.
- . We extended the elderly and handicapped reduced fare program, making the State eligible for \$53 million in federal operating assistance.

- . We sued the Federal Power Commission to increase natural gas allocations to New Jersey.
- . With seven other states, New Jersey stopped President Ford's attempt to raise the oil tariff by \$2 a barrel.
- . We secured \$1 billion in federal funds for sewer construction projects that will provide 66,000 jobs.
- . We enacted a State Construction Code that will reduce costs in construction by an average of \$2,000 a house.
- . The Industrial Pollution Control Financing Act has enabled industry to get \$150 million for construction, thus creating 8,850 jobs.
- . We have allocated \$2 million to upgrade urban neighborhoods before they deteriorate.
- . The Mortgage Finance Agency has issued \$150 million in bonds for one-to-four-family home mortgages -- with emphasis on the urban-aid cities.
- . We placed \$40 million in long-term, low-interest loans for construction of rural housing, sewage and water facilities, hospitals and community facilities.
- . The Housing Finance Agency funded more than \$100 million in low and moderate income and senior citizen housing.
- . We held hospital insurance rate increases to 13.5%, compared to a national average of almost 18%.

CURBING CRIME AND CORRUPTION AND PROTECTING RIGHTS

Society continues to be under seige from law breakers, whether they be street criminals or corrupt public officials, organized mobsters or fraudulent businessmen. This Administration is determined to act aggressively against crime wherever it exists, without regard for social status, economic position or political influence. As part of this wide-scale war on crime, we have:

- Provided life sentences for major pushers of hard drugs.
- Created the Corruption Control Bureau -- teams of lawyers, accountants and State Police detectives with experience in investigating official corruption.
- Set up a Medicaid Fraud Unit to crack down on abuse of that vital and increasingly expensive program.
- Required personal financial disclosure by more than 250 cabinet and sub-cabinet officials.
- Set up methods of recovering monies lost by taxpayers through official misconduct.
- Established a Correctional Master Plan Policy Council to revise the State's correctional system; moved prison reception center and reduced process time from several months to two weeks; reduced inmate population at Trenton State Prison from 1,150 to 860, the first step toward closing this facility entirely.
- Prohibited discrimination on the basis of sex or marital status in lending and insurance underwriting; and stopped block-busting in the real estate industry.

- . Sued to assure that housing financed by state loans must come under jurisdiction of local rent control laws.
- . Achieved the means to ensure the availability of malpractice insurance to all health care providers in New Jersey, through enactment of the Medical Malpractice Act.
- . Set up measures to protect consumers in case of insurance company insolvency.
- . Implemented programs to provide legal representation to abused children and provide legal counsel to inmates; filed right-to-treatment class action for 2,000 mental patients.
- . Provided more stringent safeguards against wiretap abuses.
- . Instituted new fiscal procedures for Newark schools and created Auditor-General by statute to implement the reforms.

PRESERVING OUR RESOURCES AND ENVIRONMENT

We are justifiably concerned about clean air and water, the way we use our land, and how we handle our solid waste. New Jersey has a large population living and working on a small amount of land. The future of our economy and our health depends on how wisely we plan, how far sighted we can be. Preservation of our resources and environment have both been important areas of action for this Administration -- and there have been significant accomplishments. We have:

- . Blocked the Tocks Island Dam project and ordered alternative flood control and water supply measures. The new program is both more economical and effective, and avoids damaging the environment.
- . Set up a far-reaching pesticide control code to prevent the poisoning of fruits and vegetables.
- . Adopted the State's first land-use regulations governing all delineated flood plains.
- . Enacted the Comprehensive Solid Waste Planning Act, a first step toward implementing modern methods of resource recovery.
- . Mapped all of New Jersey's wetlands and set up regulatory protection for more than 240,000 acres of tidal lands.
- . Started a highly effective water quality monitoring network.
- . Revised watershed construction priorities to focus on older urban areas; also expedited projects ready for construction.
- . Established the historic Delaware and Raritan Canal as a source of water and as a recreational area.

- . Enacted tax exemptions for land that is used for recreation and conservation if it is owned by private non-profit organizations.
- . Gave every citizen the right to bring a lawsuit to stop environmental hazards.
- . Streamlined local land use procedures to cut red tape in zoning and planning at the municipal level through enactment of the Municipal Land Use Law.

AN ACTION AGENDA FOR 1976

The budget I will present next month will address the continuing urgency of the need to restructure our tax system -- to relieve the unfair burden of the residential property tax; to meet the constitutional obligation for funding education; to adjust business taxes so New Jersey can compete more effectively for job-producing industry.

But the challenge before this Legislature is not restricted to tax and budget issues. The need to live within our limited means does not mean abandoning our public responsibilities. We cannot lose the initiative in anticipating shifting conditions or in striving to guide the forces that will shape the future of our State and its people.

We must move forward under tighter fiscal rein. There are important areas in which we can and should address the human needs of New Jersey residents and improve the quality of life without any added burden on the taxpayer. There are some things we can do to ease that burden without cutting services further. Here are ten other priority legislative programs that are particularly important to our State and our people.

1. Streamlining the structure and cost of State government

The need for streamlining is urgent. Demands for government services are growing greater and more complex all the time; yet costs and tax-resistance increase. There is growing frustration with bureaucracy and disillusionment with government.

It is essential, therefore, that this Administration move aggressively to trim fat, tighten controls, and reorganize to respond to an entirely new and unprecedented challenge.

the number of cabinet departments from 18 to 14.

The Department of Community Affairs can be eliminated. Its oversight of local government finance as well as the review of local school borrowing now conducted by the Department of Education can be centralized into the Department of the Treasury to permit adequate supervision of all debt management decisions. Responsibility for planning, building code enforcement and problems of the aging can be picked up by other departments. All housing functions can be centralized in the Housing Finance Agency.

The Department of Civil Service should be merged into Treasury, which already deals with employee relations. By this move, the problems of personnel and collective bargaining can be more effectively coordinated.

The Department of Insurance, the Department of Banking and the Public Utilities Commission should be merged into a single new entity, a Department of Regulated Commerce. The rate-making task of all three departments can be placed under consolidated management. Economic regulation expertise will be centralized.

The new department will be able to develop procedures to speed the pace of its decision-making. In addition, it will develop a corps of independent hearing officers who should be recognized for the importance and far-reaching effects of the decisions they make. It makes no sense to expect a \$14,000-a-year hearing officer to make judgments on multi-million dollar questions with the same wisdom and understanding of judges whom we pay nearly three times as much.

This proposal will be criticized for stripping important segments of our economy of their own voice at the Cabinet level of State government. But that is a concept that -- if it was ever sound -- is certainly outmoded. The overriding concern of our regulatory agencies as of all other arms of government must be the public interest, not the special concerns -- no matter how valid -- of any segment of society whether divided on economic,

geographical or other lines.

All this reorganization, however, is futile, unless we continue to improve the quality and productivity of State employees. At present we too often fail to distinguish between outstanding employees and those who just "get by". I intend to move against this system which encourages mediocrity, and devise methods of promoting and rewarding excellence and productivity. At the same time, we should strengthen our capacity to discipline those who are performing poorly.

Finally, I will seek legislation to establish a Career Executive Program, to improve the quality of our public officials. In the CEP, career employees would be able to serve in managerial ranks without losing their Civil Service rights. Such executives would be free to return to their classified positions later, for whatever reason. This would provide a larger pool of experienced professionals for top positions and greater flexibility to use their talents.

2. Monitoring local government spending

It is true, of course, that the overall tax burden of our fellow citizens has been steadily increasing. But the bulk of that increase has come from rises in local property taxation, not from increases in State taxes. Most of the tax burden is created by local taxation for local programs. Appropriations for State operations is \$1.5 billion. Local expenditures total more than \$4 billion.

In order to respond to citizen complaints about higher taxes, we must look sharply at local tax policies, local financing practices, and local programs. The citizens of this State demand and deserve assurance that huge expenditures for schools and other local operations are soundly conceived and executed; that maximum economies are achieved; that the borrowing integrity of their local government is not compromised.

The rapid rise in local property tax must be stopped. We can no longer afford a blank check in municipal and school district spending.

To achieve this oversight, we must centralize responsibility for aiding and monitoring local government finance in the Treasury Department. The State can establish a cost-box model for local spending and then, using computers, flag excessive spending in any area by a municipality and make that information known to local taxpayers.

At the same time, we should withhold State aid from any municipalities which are abusing the taxpayer by wasteful or inefficient spending of local funds. Every citizen has the right to expect that local government, as well as the State, will be prudent with his money.

Let us amend the Local Finance Law to provide clear assurance of responsible municipal borrowing and strengthen the State's capacity to correct weaknesses in local fiscal plans. Let us also create a School Bond Bank -- backed by the existing \$32 million reserve of the Public School Fund -- to provide \$400 million in local school financing at substantially lower cost. Finally, I will appoint a special commission to evaluate local spending practices and recommend additional steps to promote efficiency in local government money management.

3. Reviving our economy

There is no more urgent need facing New Jersey than to provide meaningful employment for every man and woman who is willing and able to work. The causes of our economic lag are largely national in scope and the capacity of State government to deal with its widespread and harmful effects is severely limited.

We must redouble our efforts within the limited resources of State government to spur our economy, to bring new jobs to New Jersey, and to help

place idled workers in available jobs and assist employers expand their operations in our State.

This means accelerating the efforts of our Economic Development Authority which has already achieved remarkable success in this effort. It means pumping additional private investment into our lagging construction industry with guarantees of government financing.

It means reviewing existing laws and regulations designed to protect the environment and making a realistic assessment of which restrictions adopted in the 1960's continue to meet the quite different problems of the 1970's.

It means spurring our efforts to develop the Hudson River waterfront, the Hackensack Meadowlands, and other areas of great economic potential. It means aggressive promotion of our State's proud and unparalleled historic heritage and recreational facilities to attract visitors during the nation's Bicentennial era.

It means all these and much more. We must make sense out of our patch-work business tax structure to remove the fiscal impediments that place us at a competitive disadvantage in vying for economic investment and the new jobs that it provides.

As an integral part of our tax reform program, let us repeal the sales tax on business machinery and equipment and provide tax credits for job-producing investments in New Jersey.

And we must at last make long overdue reforms in our governmental systems to protect and support our residents who are unable to find work as well as those who are employed.

Our unemployment compensation system must be overhauled to strengthen support for the legitimately unemployed while purging the loopholes that enable the unscrupulous to abuse the system.

first major restructuring since the concept was introduced by Governor Woodrow Wilson.

Its major features will be compensation benefits that more accurately reflect current wage levels, prompt provision of benefits, and faster handling of cases through the encouragement of fair settlement.

There will be incentives for employers to guard against potential accidents, and incentives for workers to get off compensation and back to work. The program calls for upgraded employment services and rehabilitation for handicapped; and there will be strong incentives to hire the handicapped.

The program will be self-funding, thanks to a new fee system. And very important to our economic development program, the compensation premium rates will be competitive with other states.

4. Fighting street crime and modernizing criminal justice

The criminal justice system has become a revolving door through which hardened and dangerous criminals are moving with impunity. Violent crime is on the increase everywhere. Police are outnumbered and frustrated, courts are hopelessly bogged down, correctional institutions are jammed and dangerous, and the parole system is dangerously irrational. It is urgent that we move now across a broad front in our war against a disease that threatens our free and democratic form of government.

The major weapon in this war is a Model Penal Code which must be enacted this year. It represents years of effort by the most distinguished people in criminal justice. The Code focuses on prevention of crime, particularly violent crimes against persons and property. Judges would be permitted to hand down absolute minimum sentences and extended terms to repeaters.

The Code would free large numbers of police, prosecutors, courtrooms and prisons to deal with serious crimes by decriminalizing such activities as social gambling.

Certainty and swiftness of punishment is the best way to deter crime. Defendants indicted for violent crimes should be brought to trial within 90 days. I will fill the existing court vacancies upon receiving assurance that defendants in criminal cases will be brought to trial within a 90-day period.

Under the parole reform bill I will again submit to the Legislature, the Parole Board would be allowed to keep dangerous inmates and repeated offenders in prison while providing more predictable rational release procedures for good risks.

5. Encouraging a balanced, regional approach to land use

I strongly support the concept of local control of zoning, but the inevitable regional impact of large-scale projects must be taken into account. The Development Review Act I have proposed will provide such an overview in accordance with State guidelines. Such an approach is essential to rational, coordinated land use and planning.

Under this act, the State will identify areas suitable for major economic and residential development and also designate areas that require special protection from such development. Thus, major capital investment decisions can be coordinated with broad land-management policies. Both are vital if we are to arrest the urban sprawl that has disfigured much of New Jersey and so damaged our economy and environment.

6. Cracking down on unscrupulous nursing home operators

Last year I appointed a cabinet committee to study the nursing home problems in New Jersey, a matter of growing concern to all of us. The abuses we have uncovered were isolated but shameful. We must end this neglect, provider mismanagement, and overcharging in the Medicaid system.

Pass legislation to assess treble damages in cases of excessive Medicaid reimbursement. Now, civil remedies are limited to recovery of overpayment without interest or penalties. We must determine a reasonable cost for quality care and use these figures to audit both quality and cost, make these audits more frequently, and reward operators who achieve the two ends we seek: high quality care and reasonable cost.

Finally, we should be encouraging ambulatory and in-home care whenever possible, both to reduce costs and to raise the effectiveness of care.

7. Giving the public interest a stronger voice on professional boards

New Jersey has 19 licensing boards regulating 39 professions or occupations. The boards' membership has been drawn almost entirely from the professions being regulated; and the result has too often been unnecessary licensure, unjustified requirements for entry into the field, inadequate enforcement of the law, and an emphasis on prosecuting the unlicensed practitioner. The function of licensing should be to protect the public, not to preserve the jurisdiction of the profession.

To protect the public interest in these matters, I will give priority attention to new laws giving the Attorney General greater control over the professional boards, achieving more uniformity in their proceedings and making them more responsive to the public.

Legislation is needed to assure more public members on each of the 19 boards, the Real Estate Commission and the X-Ray Technician Board of Examiners. It is important to ease entry into some of the professions such as ophthalmic technicians and ophthalmic dispensers, certified accountants and veterinarians. I shall seek legislation to do this.

Each of the 39 professions will be subjected to the same kind of review, and changes will be sought if required to protect the public interest.

8. Reorganizing New Jersey's public transportation system and toll roads

How do we keep the railroads running at a time when the state subsidy program costs over \$100 million a year and has been growing by more than 35 per cent a year? Should there be an overall operating agency for these lines? What about the communities and industries served by lines soon to be abandoned? Where can we find the \$225 million required to match federal funding for the modernization of two major commuter lines and the extension of PATH to Plainfield?

The Port Authority of New York and New Jersey must increase its commitment to these efforts. If it is unwilling to do so, we will insist that it rescind the toll increases instituted last year for the specific purpose of funding improvements in the public transportation system.

And the federal government must come to understand the urgent need to revive rail passenger service in New Jersey. Its commitment of \$350 million in capital funding for New Jersey transit must be increased. I shall continue to work with our Congressional delegation to press our cause in Washington.

All these questions must be resolved this year if New Jersey's rail system is to continue serving more than 70,000 riders daily. We are preparing proposals to revise the subsidy program for bus as well as rail service and I intend to present the results of this effort to the Legislature later this year.

As vital as mass transportation is to New Jersey, we must be aware that most of our residents do most of their traveling by private automobile with increasing reliance on our three toll roads.

Last year I urged consideration of the potential advantages of combining the management of the New Jersey Turnpike, the Garden State Parkway, and the Atlantic City Expressway under a single authority. Preliminary studies

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indicate that substantial economies and efficiency in administration and
maintenance would result from such an amalgamation. I shall propose legislation
to accomplish this end.

9. Helping New Jersey's older citizens

After many years as productive, taxpaying citizens, many of our
elderly neighbors now find themselves cruelly trapped between inflation and
fixed retirement income. Moreover, many are being neglected and exploited
in their dealings with large bureaucracies in and out of government. This
Administration will not tolerate such abuses, and I have made these problems
a priority item.

First, we must extend the senior citizen tax exemption. I will seek
legislation to extend present tax breaks for the elderly to the surviving
spouse of a person who had received such benefits as long as the spouse
remains unmarried and lives in the same building.

We will continue to assure that no senior citizen will have home
heating fuel stopped during the winter for lack of payment. I urge that
local boards of education be authorized to provide school buses for senior
citizen transportation during the school day.

I was deeply distressed to learn from my own Task Force on the
Special Needs of the Elderly that many senior citizens "cannot afford to
purchase a nutritionally adequate diet." We are devising ways to expand
the use of food service facilities in public schools as a way of getting
economically priced, nutritional meals to the elderly.

Legislation to permit advertising drug prices will help the senior
citizen's pharmaceutical dollar go further. We will also back legislation
to prevent abrupt termination of health insurance without good cause.

Finally, I will press this year for a Nursing Home Bill of Rights
to protect patients from unfair discrimination in standards of treatment.

10. Senatorial Courtesy

Senatorial courtesy is outdated. The practice of allowing one Senator to blackball a nominee, without any public accounting, is repugnant to democratic government. It is an abuse of the public trust. It should be abolished.

Let's pass legislation requiring action within sixty days by a recorded vote on each nomination. This bill should itself be voted up or down on the floor after open debate. Each legislator should explain to the public his position on senatorial courtesy.

CUTTING GOVERNMENT COSTS AND RED TAPE

State governments across the nation are endeavoring to hold the line on spending. Governors strive to hold budget increases to match the pace of inflation.

New Jersey has gone further than that. Our State budget this fiscal year is actually below last year's. Taking inflation into account, this represents a real decline in spending of about 15%.

We spend less than four cents of every budget dollar for principal and interest on the State's debt. Can even the most prudently managed household or business boast as much these days?

Unhappily, much that is needed is going undone in this budget crunch. But this Administration is making every tax dollar do one hundred cents of work to keep State services and local aid at the highest levels possible.

These are a few of the measures we are taking to keep within the limited revenues anticipated for the next fiscal year:

Zero base budgeting is a concept I first applied to the budget process last year. It means that every department, every program, every salary must be justified every year. If a request cannot stand up to this tough scrutiny, it just isn't funded.

Economies in Medicaid and nursing homes will result from the new programs instituted last year. Both of these programs consume increasing numbers of tax dollars. We must crack down on fraud and provider mismanagement; and we can achieve dramatic savings by placing stronger emphasis on less-costly out-patient and ambulatory care.

Weeding out welfare, Medicaid and unemployment compensation ineligibles is another way to reduce costs in three programs that have grown rapidly in recent years.

Increasing the flow of federal aid. Getting every penny that is due New Jersey is a goal that has eluded governors for decades. We are turning that situation around. New Jersey has moved from 42nd in per capita federal aid to 38th among the 50 states in just one year. I am determined that this trend will continue.

Civil Service overhaul is also long overdue. Our present system of promoting and compensation is not conducive to finding and retaining excellent people who are determined to be innovative and productive. I am convinced that there are profound changes required in the Civil Service system, changes that will result in a lean, highly motivated staff of civil servants.

A unified court system is another goal of this Administration, one which my own personal experience as a judge has convinced me is long overdue. We can achieve the twin benefits of a more streamlined and responsive court system, as well as lower operating costs. It is not often that we have the opportunity to gain a better judicial system while affecting economies.

Restructuring the Public Employee Relations Commission will help prevent public employee strikes. PERC has the major responsibility for achieving equity and harmony between government and its employees. It is imperative that it be given the tools necessary to deal realistically with impasses in public sector labor disputes.

I am determined to curb government's appetite for dollars and the strangling web of paperwork that reaches into every home and business in this State.

BUILDING JOBS AND THE ECONOMY

First and foremost, we must get New Jersey back to work. Our unemployment level is among the highest in America, a situation caused by international economic forces as well as circumstances peculiar to our State.

The major forces affecting the economy are outside our control. But I am determined to see that New Jersey does everything possible at the state level to return to full employment, better profits and a more equitable distribution of the fruits of this recovery. To achieve this, we will need the full cooperation of the public and private sectors of our economy; of management and labor; of environmentalists and growth advocates; of the residents of our cities, suburbs and farmland alike.

Our drive to expand job opportunity and our economy must include these steps:

Total revision of our business tax structure. New Jersey business is encumbered by a strangling and counterproductive web of irrational taxes. As part of an overall tax reform effort, I will press for a Sales and Use Tax exemption on business machinery and equipment, and an Investment Tax credit to compete with surrounding states. This would apply to new tangible property and depreciable real property used for manufacturing and in research and development. We must grant a larger credit for pollution control and abatement expenditures. Our municipalities should be permitted to abate property taxes for the value of any new facility for a period of five to ten years commencing with the year of construction. And we should put a cap on the utilities gross receipts tax to ease consumers' utility bills.

This dramatic reform of our business tax structure will unleash New Jersey industrial growth and spark the most dramatic economic comeback in our history!

Attract new jobs. An accelerated drive is well underway offering prospective employers free employee training, low interest loans, computerized plant location and a Business Advocate assigned to help companies cut through government red tape fast. We have mounted a major new effort to bring in foreign capital investment and boost the export of New Jersey-made products.

Expand our present industrial plant. The Economic Development Authority, already a dramatic success story, will issue low interest loans next year to spark added millions in capital investment and thousands more jobs for New Jerseyans.

The EDA is preparing to expand its efforts into urban industrial parks. Where municipalities choose to use the recent constitutional amendments permitting tax abatement, the EDA can make inner city locations particularly attractive for manufacturing and distribution enterprises.

Host Bicentennial visitors. Tourism expansion is one of the really bright spots in our economy, generating jobs, tax revenues and tolls. Despite the economic downturn, it continues its upward climb. During this Bicentennial year we expect to help the private sector generate record-breaking tourist patronage -- from other states and abroad -- at our beaches, lakes, ski areas and historic sites.

Develop the Hudson River Waterfront. We will work with the Port Authority of New York and New Jersey on long-term plans to replace acres of rotting piers, abandoned buildings and railroad sidings with the most advanced industrial, residential and transportation facilities in the Port district. Rising from the debris of this tax-delinquent eyesore will be

jobs, tax ratables, new homes...New Jersey's proud new window on America and the world.

Expand housing initiatives throughout the State. To preserve still-viable urban neighborhoods, the Mortgage Finance Agency will provide longer-term and lower-interest loans for home improvements or rehabilitation than are presently available. Marketed through private lenders, these bonds will provide a greatly increased flow of funds to neighborhood preservation.

End Red-lining. An urban investment plan is being designed to combat disinvestment and red-lining by financial institutions in cities. It will funnel mortgage money and other investment funds into higher risk urban areas. Because of the widely-held belief that such loans will not be repaid, they are often denied or provided at very high rates of interest. This impedes the flow of capital into these areas, and makes the original fear a self-fulfilling prophecy. This vicious downward cycle must be stopped.

End exclusionary zoning. No review of housing programs would be complete in 1976 without a discussion of the State Supreme Court decision striking down zoning barriers to low and middle income housing in developing suburban areas. As I predicted a year ago, the courts have held such restrictions to be unconstitutional.

It is now our obligation to provide the legislative framework to enable local communities to conform to the Court's mandate. To further assist such communities, I shall issue an executive order directing the promulgation of voluntary fair-share housing guidelines. The order will also direct the departments to give preference in discretionary state aid programs to those communities that adjust their zoning in accordance with the Court's ruling.

Reform unemployment compensation. We must assure strong protection for the legitimately unemployed while cracking down on those who abuse the spirit of the system by avoiding suitable job offers. The partial benefit provision of the law should be changed to provide incentives for the jobless to seek part-time work if a full-time job is not available. I will submit legislation designed to put the fund on a fiscally sound basis for the long term.

Energy research and conservation. I shall continue actively encouraging the federal government to locate a National Energy Research Center in New Jersey. This project, comparable in scope and investment to NASA, would be a great addition to New Jersey.

I also plan to give the State Energy Office a strong mandate to pursue studies in the use of solid waste for energy and in coal gasification. There will be a strong drive to encourage energy conservation by all our fellow citizens.

I shall again seek legislation to authorize an energy master plan for New Jersey, a plan that charts the expected demand for energy and the sources of supply to meet that demand will be a useful guide to policy makers for many years.

Expand and coordinate economic planning. Economic expertise is an increasingly vital factor in government administration. Governmental decisions have great impact on the economy and vice versa. We have received federal funding for a state economic development planning function attached directly to the Governor's Office.

Our new Capital Budget and Planning Commission under the chairmanship of Governor William T. Cahill has begun its essential work. I expect it to provide a responsible and workable plan for putting our State's physical plant in order and ending the long years of neglect and deterioration which

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stand as a major failure of the Legislature and the executive branch alike.

I shall propose creation of a Capital Building Authority to facilitate the funding and construction of urgently needed office space for State operations here in Trenton, in partial implementation of the Cahill Commission's recommendations.

This Administration is presently studying a number of other innovative proposals with significant economic impact. Among these are the use of pension funds to fund low-interest mortgages for public employees; State subsidy of mortgage interest rates to encourage private residential construction; and a plan to permit moderate-income families to invest in tax-exempt bonds on a payroll-withholding basis.

I hope to pursue these and other economic initiatives to fruition in the months ahead.

Revive the film industry. The wide diversity and beauty of New Jersey's natural landscape and physical development make our State a potential major soundstage for the production of feature films, television commercials, industrial films, and educational materials.

The Motion Picture and Television Commission which I established last year will move vigorously during 1976 to encourage the film industry -- which began in New Jersey -- to rediscover the advantages our State offers for production. This effort, under the leadership of Sidney Kingsley, has important potential for our economy.

It has the full support of this Administration. We should be prepared to consider the acquisition or construction of a major facility for these purposes as well as any legislation necessary to facilitate the growth of film-making here.

FIGHTING CRIME AND CORRUPTION

The success of our efforts to stimulate our economy depend in part on a successful assault on crime and corruption.

Where threats to lives and property become a way of life, it is extremely difficult for business to thrive. Where official corruption goes unpunished, the cost to the economy far exceeds the amount of the bribe. Where white collar crime receives a slap on the wrist, the violent criminal is given license.

Therefore, a third focus of this Administration's attention this year will be on crime and corruption in all its forms. Among the items on our criminal justice agenda are:

Striking decisively at street crime. We must find ways to prevent and deter crime, rather than just reacting after the fact. We must require security-conscious design of shopping centers, parking lots, homes and apartment buildings. We must establish procedures for testing and rating personal and structural security devices. We must upgrade police recruitment standards and training; and encourage regionalization of police forces where required to effectively cope with rising criminal sophistication.

I will direct the Attorney General and County Prosecutors to give first attention to prosecuting violent crime. And law enforcement forces will engage in plea bargaining only according to standards that prevent the bad risk from bargaining his way back onto the street.

It is important to understand the scope of violent street crimes. While adult arrests for such crimes rose 2.2% between 1973 and 1974, juvenile arrests rose an alarming 13.1%. I am determined to develop methods to reach, deter and where required, effectively punish such juvenile offenders. And we should abandon the custom of protecting from publicity juveniles who engage in violent crime and terrorism.

New priority on white collar crime. The white collar criminal is particularly destructive to the economy and to tax collections and must, therefore, be dealt with harshly. Our state anti-trust laws must be updated. Judges should be permitted to levy heavier fines.

Firms indicted or convicted of criminal offenses should be barred from doing business with state or local government. We are setting up a central listing of such firms to make sure the record is widely known to public officials at all levels of government.

As chairman of the National Advisory Committee on Criminal Justice Standards and Goals, I have come to appreciate the problems of commercial or industrial security. I shall name a Supervisory Council on White Collar Crime, to assist prosecutors in combatting the latest techniques used by criminals to shoplift, embezzle, infiltrate computer operations, cheat Medicaid, and defraud insurance companies. Tax frauds will be aggressively investigated and prosecuted; and I will seek much heavier penalties for such offenses.

Stiffer penalties for public corruption. For two years, I have urged the Legislature to increase the maximum sentences and fines for corrupt acts by public officials. I renew that plea now in the name of preserving the moral base upon which rests all representative government.

Correct flaws in our present laws. The Legislature has enacted a program of public financing of gubernatorial elections. The Legislature should act to fund that law and extend it to gubernatorial primaries or end the hypocrisy by repealing it.

Title 19, the basic election law in New Jersey, has been revised by a distinguished commission to assure a more open, understandable and accountable political process. This revision should be enacted into law this year.

And we should finally act to extend the Conflicts of Interest Law to cover county and municipal officials, and New Jersey members of interstate agencies, a bill I sought from the Legislature last year.

Establish a standard for determination of death by a physician in those instances where life is being maintained by artificial means of support. This subject is extremely complex, involving matters of law, science and ethics. I intend to seek the help of physicians, scientists, lawyers, academic experts and religious leaders in designing appropriate legislation.

Protect the citizen's right to information on public record. This matter has been pending through the last session of the Legislature. It is time for the Right to Know concept to have the force of law.

Protect the rights of mental patients. Title 30, the law which deals with this problem, is overdue for modernization, particularly in light of recent court decisions holding that a patient can be committed only to the least restrictive type of appropriate treatment. I shall submit legislation to update and clarify the grounds for commitment, the procedures for commitment, the rights of the committed, and the factual evidence that must be presented. In addition, we should do everything possible to treat persons in their own community rather than confine them in larger institutions far from home.

The quality of justice is the moral foundation of any society. Each of our citizens must be secure in person and property; and must believe in the swift and dispassionate application of the law. Two hundred years after our nation's first tentative steps toward assuring equal justice before the law, that principle is threatened. The proposals I have outlined above should go a long way toward neutralizing that threat.

PRESERVING RESOURCES AND THE ENVIRONMENT

For the past decade, there has been a debate in our State between champions of economic growth and those primarily concerned with environmental protection. At times it has been enlightened and productive; at other times, bitter and divisive. But it has usually had an "us against them" quality that impedes solutions to our mutual problems.

It is time for this debate to move to a different level, a level of compromise and reason. In a state as compact and densely populated as ours, we must have a special concern with preserving the resources that literally sustain life, and carefully guarding our precious open space and beaches.

It is equally true that economic growth is essential. Without it, we cannot provide jobs for a growing population or tax revenues to maintain desperately needed human services for children, the sick, the handicapped, the aged and the poor.

I am convinced that the important steps I have outlined to generate jobs and business activity are entirely compatible with action necessary to preserve natural resources and the environment. I urge all sides in this debate to consider these proposals carefully and then to join with this Administration and with the Legislature in carrying them out as rapidly as possible. Neither our rapidly shrinking natural resources, nor our painful job-loss situation can afford anything less than a united effort.

I urge action in these areas:

Review of environmental laws and regulations. During the past year, we have undertaken to review certain environmental regulations. It is time, too, for the Legislature to review the environmental statutes passed in the

1960's to see if these laws meet realistically the problems of the 1970's.

This Administration will cooperate in this effort.

Transfer of development rights. This is a concept that would enable municipalities to preserve farmlands, recreational areas, environmentally significant locations, and aesthetically and historically important sites in their present use without any financial penalty to the property owners who may desire a more profitable form of development. Owners of such land would be entitled to sell their development rights (in the form of increased density allowance) to developers owning land in zones where new development is allowed. I urge the passage of pending legislation to authorize this concept.

State supervision over construction and operation of sewage, water supply and solid waste capital projects. We should explore the potential for a State authority supported by pay-as-you-go user charges, based on gallons of wastewater discharged or volumes of waste material dumped in landfills. The result would greatly aid in the fight against pollution while also creating many new jobs.

In addition, we will press efforts to monitor and audit the vast expenditures being made in this area to assure efficiency for our tax dollars whatever the source.

Farmland preservation demonstration program. As one means of encouraging a healthy agricultural sector in our State's economy, we will test a program designed to preserve as much as 10,000 acres of farmland through state purchase of development rights. This approach would have the three-pronged benefit of keeping farmland in productive operation, saving the State the cost of buying entire farms, and leaving such farmland on local tax rolls.

Equal access to our public beaches. The courts have spoken forcefully on our role as trustees of this enormously valuable natural resource. I shall place before the Legislature a bill to implement the judicial guidelines that assure equal and orderly access by all to New Jersey beaches.

Adverse effects of offshore drilling. My cabinet-level energy committee is now at work to assure that New Jersey's shoreline -- our most valuable economic and natural resource -- has maximum protection against the dangers of offshore drilling. There will be no refineries along our beaches.

We must make sure that offshore exploration proceeds in an orderly, safe manner and that New Jersey gets maximum economic benefit from that activity on our continental shelf. This means we want to build the drilling rigs here, supply the operations, and have both the administrative and distribution centers for the offshore rigs located in New Jersey.

Finally, I expect to introduce oil spill liability legislation to supplement the federal liability law now under consideration in Washington.

Open spaces in urban areas. Funds from the 1974 Green Acres bond issue will enable us to acquire and develop parklands in declining urban and industrialized inner suburban areas. Whenever possible, we will coordinate such acquisition with nearby housing rehabilitation projects in adjacent areas.

The most significant of these urban open space programs is the Liberty Park project in Jersey City, where we envision a magnificent natural setting facing the Statue of Liberty.

This program to preserve resources and our environment, I am convinced, is also a very strong economic development plan. The Development Review Act will speed the siting of major projects with regional impact. The construction

of sewage, solid waste and water supply facilities is probably the major job-generating force in the State today.

The offshore drilling guarantees I seek will protect the State's largest industry -- tourism at our beaches -- and claim our fair share of jobs connected with building and operating the rigs.

The transfer-of-development-rights concept should stimulate alternative development activities. Innovative solid waste disposal techniques will yield many millions in recyclable materials and fuels. And the urban-oriented Green Acres program should help revitalize New Jersey's cities.

There is no contradiction between jobs and environmental protection; only a stubborn unwillingness in some quarters to recognize their mutual interdependence.