



## OFFICE OF THE GOVERNOR

### NEWS RELEASE

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### **GOVERNOR SUBMITS \$17.9 BILLION BUDGET, INCLUDES TELECOMMUNICATIONS TAX CUT, \$650 MILLION SURPLUS**

New Jersey Gov. Christie Whitman today proposed a \$17.9 billion state budget that includes major spending increases for public education and the environment while cutting for the third straight year the amount of money spent on executive branch operations. The budget calls for increases in the state's surplus and "rainy day" fund and for new programs to preserve open space and to help in revitalizing New Jersey's cities. The Governor proposed a cut in the telecommunications tax imposed by the previous administration and called for a constitutional amendment requiring a "super-majority" vote in the Legislature before any new taxes could be imposed in the Garden State.

She called for the transformation of the Department of Commerce into the "New Jersey Commerce and Economic Growth Commission." The commission will be better able to respond to the ever-evolving demands of competition in the global marketplace.

"This budget puts New Jersey on its soundest fiscal footing, ever," Gov. Whitman said.

Gov. Whitman's proposed budget not only boosts the state surplus to \$650 million, it eliminates the state's reliance on one-shot revenues. When Gov. Whitman took office in 1994, she inherited a budget that included a record \$1.2 billion in one-shot revenues and the surplus was just over \$400 million.

"The budget absorbs more than \$250 million in new tax cuts including reductions in energy taxes, an expansion of the deduction for property taxes from the state income tax, the final phase of the state assumption of county courts and the new telecommunications tax cut," the Governor said.

Governor Whitman cut taxes 17 times during her first term. The telecommunications tax reduction, the first of her second term, will bring the value of her tax cuts to over \$6 billion.

"Altogether, we've saved taxpayers more than \$6 billion. That's a record of which we can be proud. And let's not forget, we started cutting taxes when it wasn't easy -- when it required tough decisions and real fiscal discipline," she said.

The Governor applauded the current Legislature for its record in slashing state taxes when she called for the constitutional amendment requiring a super-majority before increasing taxes.

"You began by rolling back the sales tax in 1992, and you haven't stopped yet. But of course, not all Legislatures share that same commitment to lower taxes," she said.

"So let's amend the Constitution. Let's make it harder to raise taxes. Let's make all future state tax increases subject to a super-majority. Unless two-thirds of both houses of the Legislature vote to raise a tax, that tax will not increase," she said.

"Raising taxes should be the last option or should only be increased when there is overwhelming sentiment and consensus. Unfortunately too often taxes have been viewed as the option of first choice, not last resort," she said.

14 other states require super-majority votes of 2/3, 3/5 or 3/4 of both houses of their legislatures.

The largest area of state spending included in the budget is public education. Gov. Whitman's FY1999 budget proposal increases spending on schools by \$540 million. New Jersey will now spend \$6 billion, a full one-third of all state expenditures, on public education. New Jersey invests more money per pupil than any other state in the nation, or any country in the world.

The Governor's budget also increases overall funding for property tax relief by \$850 million to a total of \$9.1 billion - more than half of the total budget.

The Governor's budget also includes the following:

- \$61.1 million increase in Higher Education funding
- \$83.4 million increase in funding for the Transportation Trust Fund to sustain a \$1.6 billion capital construction program
- \$12 million increase in funding for the environment, totaling \$305 million
- \$50 million to create a \$100 million pool for preserving open space
- \$25 million to finance the New Jersey Redevelopment Authority and pay the debt service for the Governor's \$400 million initiative to revitalize New Jersey's urban areas and redevelop abandoned properties

Following the Governor's address, cabinet members will hold briefings on new initiatives announced during the speech. Information on these initiatives is included in separate news releases.

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