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Governor Christie Advances New, Broad-Based Middle- and Working-Class Tax Relief Plan

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Revenue Circuit-Breaker Removes Excuses for Delay on Tax Reduction for New Jersey Families

Trenton, NJ – Adhering to his principled stand to deliver wide-ranging tax relief to middle- and working-class families in New Jersey, Governor Chris Christie today recommended a fair, responsible tax reduction plan, building off his bipartisan compromise plan delivered last year by incorporating a revenue circuit-breaker to end any basis for obstructing the opportunity to provide broad relief from the State's onerous property and income tax burdens.

To address the legislative majority's excuse for rejecting last year's bipartisan tax reduction plan, the Governor proposes an answer that should end any pretext for withholding tax relief: His proposal, contained in a conditional veto of Senate Bill 2535, would authorize the legislature each year to activate a "revenue circuit-breaker" and prevent implementation of the tax cuts if State revenues are insufficient.

"This is the right plan at the right time directed to those who need property tax relief the most – our middle- and working-class families. By setting an income eligibility ceiling of \$400,000 and restoring the full Earned Income Tax Credit, we are spreading relief across a wide and deserving swath of New Jerseyans. This improves upon the bipartisan agreement we reached last year but was ultimately rejected by some legislators, who now have no reason to stand in the way of a responsible tax relief plan," said Governor Christie.

In his conditional veto message, the Governor added: "With the final barrier to enactment addressed, the legislature must now choose between two paths: swift and decisive action on tax relief, based on principled compromise and sound public policy that will set the State on the course for economic prosperity; or new excuses conclusively proving that, under no circumstances will the Senate and General Assembly ever agree to return to the people even a single dollar of their income."

Governor Christie's plan vastly expands tax relief to a significantly larger segment of New Jerseyans beyond the narrow scope of relief proposed in S-2535, which would have only increased the state's Earned Income Tax Credit (EITC) by an additional 5 percent of the federal EITC. The Governor's plan would indeed extend that relief to about 528,000 EITC-eligible taxpayers, but would also provide broad-based relief to millions more of New Jersey's middle- and working-class taxpayers and their families.

The Governor's plan re-establishes the bipartisan compromise he had made with Senate President Steve Sweeney in 2012 - later reneged on by the legislative majority- to provide wide-ranging middle-class tax relief and restore the EITC from 20 to 25 percent of the federal EITC. The plan would once again provide:

A refundable gross income tax credit for homeowners with \$400,000 or less of taxable income.

A phase-in over four taxable years.

An increase in the "renter's credit" from \$50 to \$100 for tax year 2013, rising to \$200 by tax year 2015.

Since taking office, the Governor has crisscrossed New Jersey delivering his message of giving money back to taxpayers. He has beseeched the legislature to work with him to reverse nearly a decade's worth of massive

overspending, government expansion and tax and fee increases (150 of them), all simultaneous to a 70-percent hike in property taxes in that period.

Each time in the last two years that the Governor has proposed tax relief plans – first his own income tax reduction plan for all income levels, then the rejection of Senator Sweeney’s bipartisan-sponsored property tax credit based on income – the majority party in the legislature abandoned promises to follow through and pass broad-based tax relief.

“It is a message that follows from the simple principle on which our country was first founded: that the prosperity of the people belongs to the people, and not the government,” said Governor Christie. “When, through careful stewardship, decisive leadership, and responsible budgeting the government is able to return a portion of the revenue taken from its citizens, it is the moral obligation of all leaders to do so without delay.”

Last year, the legislative majority signaled it would, and in many individual cases promised, to provide tax relief, only to reject it and say they would only do so if state government could ensure revenue will not decline in the future. Even as the legislative majority made that excuse, that caveat -- after all its years of spending, government expansion and increasing taxes -- they finally were implicit in their recognition that tax relief for New Jerseyans was deserved.

With the new revenue “circuit-breaker” provision offered by the Governor, there can be no more excuses of any kind to put a tax cut program in place.

“I am confident that a majority of our legislature will chose the path forward, the path of economic growth, and the path of fundamental fairness to our citizens,” Governor Christie said. “The time for tax relief has come, and I respectfully ask the legislature to swiftly concur.”

A copy of the Governor’s conditional veto message [pdf 30kB]

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