

STATE OF NEW JERSEY

GOVERNOR PHIL MURPHY

GOVERNOR MURPHY, SENATE PRESIDENT SWEENEY, SPEAKER COUGHLIN REACH FISCAL YEAR 2019 BUDGET AGREEMENT

Agreement Provides Sustainable Funding Sources through Millionaires Tax and Corporate Business Tax Surcharge

TRENTON – Governor Phil Murphy, Senate President Steve Sweeney, and Assembly Speaker Craig Coughlin today announced an agreement on the State’s Fiscal Year 2019 Budget that is built on sustainable revenues, including a millionaires tax, a corporate business tax surcharge, and a Combined Reporting standard.

“I am pleased that we have been able to reach an agreement that will allow us to enact a budget which invests in our communities and shared values, and which is backed by the sustainable revenues we need to ensure this progress continues into the future,” **said Governor Murphy**. “This agreement will bring about strong and fairly funded public schools, modern reliable mass transit and more importantly, fairness for our working families and middle class.”

“I want to thank Governor Murphy, Speaker Coughlin and the leadership teams from the Senate and Assembly for all their hard work and commitment. We have reached an agreement on a budget that we can all embrace and that will address our key priorities. In fact, it embodies the shared values of Democrats and will serve the needs and best interests of the people of New Jersey,” **said Senate President Sweeney**. “It is a fiscally responsible budget that addresses our shared priorities and our common goals. It includes the restoration of Homestead Rebates, a significant contribution to the pension funds, additional money for Pre-K, investments in NJ Transit, funds to combat the opioid crisis and affordable housing, as well as tax credits for the working poor and to care for children and the disabled. Most important, the new budget makes historically-significant investments in school aid that put us firmly on the path to full and fair funding for every school district in New Jersey.”

“I want to thank Gov. Murphy and Senate President Sweeney for agreeing to meet in the middle and putting forth a final budget that we can all put our names to. After much work, we have reached an agreement that meets our common priorities and turns the page on the last eight years,” **said Assembly Speaker Coughlin**. “This budget provides increased tax relief to those who need it the most, and ensures that those benefitting from President Trump’s tax laws pay their fair share. We have kept our commitment to seniors and working families, and are making the necessary investments for education, infrastructure improvements and NJ Transit. We insisted from the very beginning that this budget had to be fair and responsible. This budget meets those goals.”

The agreement outline, which carries a \$765 million surplus in an approximately \$37.4 billion overall budget, includes:

- An increase in the income tax to 10.75 percent on filers with incomes of \$5 million and above, providing approximately \$280 million in new annual revenues
- A corporate business tax surcharge averaging two percent over four years – the first two years at 2.5 percent, which will provide \$425 million, and the third and fourth year at 1.5 percent
- Adoption of a Combined Reporting standard which will ensure companies cannot place their profits in other states
- Raising the state property tax cap deduction from \$10,000 to \$15,000
- Increasing the Earned Income Tax Credit (EITC) through an additional investment of \$27.2 million to help over 510,000 families
- Creating a Child and Dependent Care Tax Credit to help over 70,000 New Jerseyans earning less than \$60,000 per year care for a child or other dependent

- A \$3.2 billion pension payment, the largest in state history

The budget agreement also maintains the Governor’s investment of \$242 million for New Jersey Transit in addition to \$402 million for education, including pre-K; the restored funding Speaker Coughlin sought for Homestead Rebates; and the means to implement Senate President Sweeney’s modernization of the school funding formula. The budget also restores \$25 million in aid for community colleges to put New Jersey on the path toward tuition-free community college.

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