



[Home](#) |
 [Newsroom](#) |
 [Media](#) |
 [Administration](#) |
 [NJ's Priorities](#) |
 [Contact Us](#)

[Press Releases](#) |
 [Public Addresses](#) |
 [Executive Orders](#) |
 [Press Kit](#) |
 [Reports](#)

Home > Newsroom > Press Releases > 2010 > Remarks as Prepared for Delivery of Governor Christopher J. Christie to the Joint Session of the New Jersey Legislature Regarding the Cap 2.5 Proposal

Remarks as Prepared for Delivery of Governor Christopher J. Christie to the Joint Session of the New Jersey Legislature Regarding the Cap 2.5 Proposal

July 1, 2010 • Tags: [Property Taxes](#)

Trenton, New Jersey
July 1, 2010

Members of the Legislature and fellow citizens and taxpayers:

Earlier this week, I signed into law the budget for Fiscal Year 2011. I thank you for your cooperation and your courage in making the tough choices.

They said it couldn't be done, but together, we made the necessary spending cuts. We kept the promise: we balanced the budget without raising taxes on the people of New Jersey.

The spirit of bi-partisanship that we struck earlier this week must be sustained and built upon. The people we serve deserve nothing less.

I want to particularly thank Speaker Oliver and Majority Leader Cryan for their bi-partisan leadership by standing up and voting for this budget. Decisions like that are not easy, but they are right and they are the things that line the path to accomplishment for our state and its citizens.

Madame Speaker-Mr. Majority leader-thank you for your bi-partisan leadership and for your votes.

I also want to thank Senator Sweeney and the members of his caucus for their leadership. Their good work helped to build the bi-partisan bridge that I hope we choose to walk over together this week to finally end the nightmare of property taxes in New Jersey.

Senator Sweeney-thank you.

Finally, to my Republican colleagues in both houses, led by Senator Kean and Assemblyman Decroce, thank you for standing up, for sponsoring the budget and all the necessary legislation to implement it. Thank you for standing together with me-strong and united-to lead the rebuilding of the state we love. Our state owes all of you a debt of gratitude-and so does a grateful governor. Thank you.

As good as making the hard decisions we made this week should make us feel, we must now immediately set out in a new direction.

The job is not complete.

As much as state government spending has grown in past years, local government spending has grown even more.

In the past decade, local government spending has grown 69%. And property taxes have grown 70%.

This is not a coincidence, it is a cause.

It is not a mystery, it is a mandate - to hold down property tax increases and control the spending which gives rise to them.

I have called you back to Trenton during this summer holiday period when many escape to the beach or the mountains, because for New Jersey taxpayers, there has been no escape.

Senior citizens have been struggling to keep their homes - because of property taxes.

Young couples have refrained from buying homes - because of property taxes.

Middle income families are struggling to make ends meet, and in some cases leaving the state - because of property taxes.

Today, I ask you to join me in taming the property tax beast - by capping their growth; by getting rid of excuses to avoid that cap; and by letting the voters have a say in their own destiny.

It is time to let New Jersey's property tax payers be the keepers of their own fate - not the victim of forces beyond their control.

We must help the citizens take back their state.

As you know, I have proposed to send to the voters an amendment to our constitution which could cap property tax

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growth at 2.5% above the prior year's receipts. That's 2.5% growth in total for everything - municipal tax, county tax, and school tax.

There is only one exception to this cap - to pay required debt service.

And there is only one way to override it - when the voters themselves vote to do so. So the voters will control their own destiny. They can vote to override the cap.

But they can't be bound, gagged, and forced to endure ever higher taxes without their consent.

We have tried caps in the past that allowed exceptions for health costs and pension costs. Not surprisingly, health and pension costs have grown at alarming rates.

We have tried caps in the past that allowed for exceptions for cuts in state aid. But the reality is that state aid has increased as a percentage of overall state spending.

In the budget we passed last week, state spending in total was below the level of Fiscal Year 2005, due to the slow economy. But state aid was actually *above* the level of Fiscal Year 2005. In the last 15 years, school aid has grown by 110%, and overall state spending has grown by 84%. So these items - state aid and school aid - have been growing over the long term as a share of the budget pie.

We have tried caps in the past that allowed for exceptions for spending that protects the health, safety and welfare of the people. But in reality this is the purpose of almost all local spending - so this is a cap without a cap.

The state will do its part. Side by side with the property tax cap, the constitutional amendment I propose would hold spending on state operations - that is, exclusive of debt service and aid to municipalities and school districts -- to less than 2.5% growth as well. That is only fair. We can't just talk the talk; we have to walk the walk.

I know some fear a constitutional amendment and the permanency of it. I know some disagree with my view that this is the only solution to this problem. I hear you. I respect your point of view. I know we disagree.

I also know that some of you came into this chamber today expecting that I would offer you a take it or leave it proposition. Put Cap 2.5 on the ballot or else. My way or the highway. I don't know why any of you would think that about me.

Yes, I believe firmly in Cap 2.5 in our constitution. But I will not let the perfect be the enemy of the good. I will not stand for the proposition that the only good idea is the one you come up with yourself. So, I have an alternative to present as well.

You have passed your Cap 2.9 bill and sent it to my desk for my consideration. While I am happy that we are all now talking about capping property taxes, I respectfully cannot sign this bill.

However, I am willing to consider something else.

I would be able to support a statutory cap at 2.5%. A cap that would have only one permanent exception-an exception for capital expenditures, including debt service.

I would be able to support that cap if it also includes a temporary exception for increases in costs in excess of 2.5% for existing collectively bargained contracts. But once those contracts reach their end date, this exception must disappear and all new contracts must conform to the new, hard 2.5% cap including all labor costs going forward.

I would be able to support that cap if it includes a vote of the people as the only way to override the 2.5% cap. On this ground we must stand: the people have been let down by politicians of both parties for 30 years who promised to control property taxes for them. It is time to make the people a part of controlling and determining their own taxes. Anything less would be unacceptable to me.

This is less than a constitutional cap but much more than we have now. A hard cap, at 2.5%, with just those limited exceptions and the ability for voters to determine their own tax fate in their own town-these are the principles of Cap 2.5 and these are my principles.

This will reduce property taxes.

This will improve our state.

This will control runaway local spending.

This can also bring our citizens some of the relief they so desperately need.

So there you have it-a choice. A constitutional cap which I have proposed. Or the statutory cap some of you prefer-but one that is a hard 2.5% and involves the voters in voting on their own taxes. I can accept either in order to slay the beast of property taxes.

But here is what I will not accept.

Inaction.

We will work every day until we do one or the other. We cannot take a vacation when our citizens get no vacation from escalating property taxes.

We do not deserve a break when these taxes are breaking the backs of our families.

We cannot leave this town for the summer and leave our citizens with an ever growing property tax bill to pay because we refused to act.

We must act and we must act now.

We have entered a new era in New Jersey.

We have woken up as a people, and as a government, to the fiscal dangers around us, and restraint has begun to take hold.

Our budget for next year will help us tame the beast of state government spending. Now let's slay the threat of property tax growth.

Let the voters have a say in their own future.

Give the people the ability to control high taxes, and the mayors the ability to control the high costs that cause them with the municipal tool kit.

Then we can turn, for the long-term to the business at hand. Making New Jersey once again a great place to find a job and raise a family. Fixing our cities, improving our schools, strengthening our colleges and universities. Making New Jersey a home for growth.

We have begun to control the factors that have put us in crisis. Before we leave for this summer... let us finish the job.

The voters have told us clearly - the biggest problem they worry about in New Jersey is property taxes. How can we not act to address the people's biggest worry?

Robert F. Kennedy has famously been said to have asked: "If not us, who? If not now, when?"

When it comes to the property tax crisis in New Jersey, the evidence is overwhelming. The fear and frustration of the taxpayers is real. If we cannot act in this time of crisis to permanently address this problem, when will we act?

Another summer looms ahead, and with it the promise of time spent with family.

For New Jersey families, let them head to the shore, and take their picnics, and attend their kids' baseball games, with one less worry. Let them know that property taxes will not bankrupt them, or drive them out of our state, or cost them vacation or college tuition.

Let them know that, before we left here, we fulfilled our obligation to attend to the people's business. Let us resolve to act so that New Jersey's families can replace fear and frustration about the present hope and dreams for a better future.

As we hit the middle of this year, we are in the middle of the task of reclaiming New Jersey's future. In the Cap 2.5 and tool kit proposals, we have the tools - now let's finish the job.

Thank you very much, God bless New Jersey, and God bless America.

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