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2016 State of the State & Reorganization of the Legislature

Christie Delivers Sixth State of the State Address *Invokes Past Accomplishments, Sets 2016 Agenda*

Governor Chris Christie delivered his sixth State of the State address today in Trenton. The speech, which comes in the middle of a heated contest for the Republican nomination for President, touched on familiar themes in New Jersey and also contrasted his leadership as Governor of New Jersey with that of “a President who has failed us.” The full text of the Governor’s address as delivered may be found at:
<http://nj.gov/governor/news/news/552016/approved/20160112c.html>

Christie took credit for crime reduction, lower tax rates, decreases in unemployment and increased economic growth. He also lauded his own efforts to increase bi-partisanship and work closely with the Democratic Legislature on key policy initiatives such as pension reform and health benefit restructuring.

The Governor used his address to admonish the Legislature for what he called “irresponsible” legislation passed yesterday, on the last day of the legislative session, in the initial step to put a constitutional amendment on the 2016 ballot guaranteeing pension payments to the State Pension Fund.

Christie discussed at length his administration’s three major policy priorities for 2016:

1. **Expand Initiatives to Fight Drug Addiction:** In a continuation of initiatives he has spearheaded during his second term, the Governor called for the expansion of the anti-addiction *Recovery Coach Program*. Specifically, announced that the Department of Human Services is launching a treatment intervention pilot program in hard-hit counties for people recovering from drug overdoses. Christie also announced that the Department of Corrections and the Department of Human Services would be implementing the first licensed substance abuse treatment program at the Mid-State Correctional Facility. Christie announced a commitment of \$100 million to increase access to care for mental health and substance use. He also announced more competitive reimbursement rates for services and providers.
2. **Abolish Estate Tax:** Christie’s main economic announcement was a call for abolition of the Estate Tax. Decrying the fact that New Jersey is one of only two states with both an estate and inheritance taxes. In calling for elimination of this tax, Christie invoked previous tax cuts and job creation efforts.
3. **Charter Schools:** Christie invoked past achievements on education including college readiness programs; improving failing schools in low performing districts; and reforming teacher tenure. He then announced a 2016 initiative to reform regulations governing charter schools, specifically engaging in efforts to create greater flexibility in the teacher certification process, and to help charter schools locate facilities.

There was no mention of the beleaguered Transportation Trust Fund (TTF) by the Governor. The Fund, which becomes completely insolvent on June 30, 2016, has been identified by key stakeholders in the

public and private sector as one of New Jersey's most pressing needs. It has been widely speculated for months that the Estate Tax could be used as an offset for an increase in the gas tax to support the TTF. His mention of the Estate Tax could be a hint at the Administration's positioning on the TTF.

Democratic leadership in the Legislature responded to the Governor's speech with expressing concern and attempts to fact-check a speech they charged - at best - an incomplete picture of the state of the State. Specifically, Democrats linked the obligation to make pension payments directly to New Jersey's economic future and highlighted the repeated downgrading of New Jersey's bond rating as evidence. Democrats assailed the Governor for not addressing the TTF in his speech.

Legislative Reorganization

In addition to the delivery of the State of the State address; the second Tuesday of January is set as the beginning of the new Legislative session; today, Tuesday, January 12, 2016 at 12:00 noon, the 217th New Jersey Legislature commenced its 2016-2017 session. The new session launched with the reorganization of both houses of the Legislature and the Swearing-In Ceremony for the General Assembly.

In the State Senate, Steve Sweeney (D-3) was officially sworn in as the Senate President, a position he has held since 2010. Senator Loretta Weinberg (D-37) was also reconfirmed as the Majority Leader. Nia Gill (D-34) was reconfirmed as Senate President Pro Tempore. Tom Kean Jr. (R-21) was reconfirmed as Minority Leader.

The General Assembly, swore in Vincent Prieto (D-32) for his second term as Speaker. He is the 170th Speaker of the General Assembly. Prieto is joined in leadership by the return of Louis Greenwald (D-6), as Assembly Majority Leader; Jerry Green (D-22), as Assembly Speaker Pro Tempore; Shavonda Sumter (D-35), as Assembly Majority Conference Leader; and Gary Schaer (D-36), as the Budget Committee chairman.

In addition to the leadership selections; the entire General Assembly, whose members were elected this past November, took the oath of office. Retirements and election changes resulted in twelve new members joining the lower House. The new members include: Bruce Land (D-1); Arthur Barclay (D-5); Patricia Egan Jones (D-5); Joe Howarth (R-8); Edward Houghtaling (D-11); Joann Downey (D-11); Andrew Zwicker (D-16); Jim Kennedy (D-22); Gail Phoebus (R-24); Nicholas Chiaravalloti (D-31); Angela McKnight (D-31); and Annette Chaparro (D-33).

The Governor will deliver his 2016 Budget Address next month and it is anticipated that many of these themes and perhaps others including the TTF would be addressed that that time.

MBI will be closely monitoring and participating in the important policy issues facing New Jersey in the days and weeks ahead. Please contact us with questions and let us know how we can represent your interests in Trenton.