



### **Governor Christie's FY2017 Budget Message**

Governor Chris Christie delivered his seventh budget message to a joint session of the New Jersey Legislature on Tuesday, February 16, 2016, officially kicking off the Fiscal Year 2017 budget process.

The Governor offered highlights of what he characterized as a fiscally responsible balanced budget that imposed no new taxes on New Jersey taxpayers. He also thanked the people of New Jersey for allowing him the opportunity to run for President.

The Governor described two key principles of his FY2017 budget recommendation. The first was *Fiscal Restraint*; the proposed budget calls for \$34.8 billion in State appropriations with a decrease in discretionary spending over FY2016. The second principle was the continued *Advancement of the Hard Reforms* Christie put into action over the last six years. To support these principals the Governor:

- Stated his opposition to the proposed constitutional amendment to raise the minimum wage to \$15/hour, claiming that the increase would cause more businesses to move out of New Jersey. Christie cited \$18 billion in lost revenues due to “outmigration;”
- Acknowledged the need to address the looming insolvency of the Transportation Trust Fund (TTF) but stated that any solution must be based on “tax fairness.” Christie mentioned the repeal of the Estate Tax as one example of “tax fairness”. The Estate Tax has been discussed by key decision-makers in the Legislature as a possible offset to an increase in New Jersey’s gas tax, currently second-lowest in the nation. Christie also denied claims that the TTF is in crisis and called such claims politically driven mischaracterizations;
- Strongly opposed the proposed constitutional amendment to fund the State Pension saying that it places government workers ahead of every other citizen of the State. The Governor said the Pension Amendment would hurt aid to municipalities, school funding and senior citizens. He further stated that the \$1.9 billion contribution to the pension system in his FY2017 budget proposal is the largest of any prior administration. Christie said that the root cause of the pension crisis is dysfunction in need of structural reform. To this end, Christie’s budget calls for \$250 million in savings from active public employee and retiree health costs;
- Proposed over \$16 billion in direct and indirect property tax relief, including \$13.3 billion in school aid, \$1.5 billion in municipal aid, and \$1 billion in direct property taxpayer relief programs;
- Recommended over \$20 million towards supporting women’s services and domestic violence reduction programs;
- Proposed a \$60 million investment in graduate medical education for New Jersey’s teaching hospitals.

### **The Democratic Response**

Senate President Steve Sweeney focused his remarks on the TTF, calling for a bi-partisan financing solution. Sweeney criticized the Governor for putting the blame on the Democrats for inaction on the TTF and in particular for not agreeing to a repeal of the Estate Tax. Sweeney countered that key Democrats are sponsoring the bill cutting the Estate Tax and would be very open to considering this as an offset to a gas tax increase. The Senate President stressed the importance of a bi-partisan solution.

Assembly Speaker Vincent Prieto also focused his reaction on the Governor’s remarks on the TTF. Prieto expressed anger and frustration in response to the Governor’s claims that Democrats are responsible for inaction on TTF. Prieto went on to question many of Christie’s numbers, characterizing them as “spin”. Prieto promised that the Assembly Budget Committee would embark on a forensic and thorough analysis of the Governor’s proposed FY2017 budget and determine whether the proposed budget was in the best interest of the people of New Jersey.