

Budget Deal Announced at Press Conference; Impact on Business Still Unclear

Governor Jon Corzine, Senate President Richard Codey and Assembly Speaker Joe Roberts concluded a press conference where they announced the conceptual plan for a budget deal. Since only half of the one cent sales tax increase will go toward balancing the budget, there is some concern the employer community might be targeted to make up all or part of the difference.

The compromise calls for a sales tax increase of 1 percent, with half of that being dedicated to "property tax reform" and the other half going toward the general fund. Voters will be asked in November to dedicate the half cent for property tax relief through a constitutional amendment.

Governor Corzine and the legislative leaders stated that the remaining budget gap would be filled with additional cuts in state government and efficiencies in programs. We remain concerned that additional taxes on business might end up in the final budget.

The governor also stated that after a budget bill is passed he will suspend Executive Order 17, which will pave the way for the end of the state shutdown and re-open gaming in Atlantic City. All involved hope this will be in the next 24 to 36 hours.

While the Chamber is pleased that the compromise has been reached, we continue to be concerned about the definition of "property tax reform" and whether the relief will be realized by the state's commercial property owners. As stated earlier, we are also concerned about possible revenue raisers (such as an HMO tax, an additional surcharge on the corporate business tax or a sales tax on software) that could be used to fill the revenue gap.

The Assembly Budget Committee is expected to vote on the compromise tomorrow morning at 9 a.m. Additional updates including any new business tax proposals will follow.

If you have any specific questions or comments, send them to Jim Leonard at jim@njchamber.com.