New Jersey governor proffers leadership in very taxing times

By ALAIR A. TOWNSEND

Quick: In those times of budget baloney and tax palaver, is there such a thing as a governor who’s willing to go beyond talk and drastically overhaul his state’s budget and tax structure?

The answer is yes. New Jersey’s Jim Florio is planning a sweeping restructuring aimed at making his state’s fiscal system fairer and more effective, using the much-feared “t” word. In the process, he’s showing us how a tough-minded leader can lead.

The new governor inherited a widely criticized fiscal system. Two problems are cited most often: The state’s heavy reliance on the property tax and its requirement that localities pay for services borne elsewhere.

New Jersey relies on the property tax to fund a disproportionate share of its governmental activities — about 43% versus only 14% from its income tax.

The problems for cities are magnified by the state’s division of spending responsibility for the poor. County and municipal governments share the cost of welfare and social services.

Urban centers find themselves in a declining spiral of a narrowing tax base and ever-increasing demands on their budgets. There isn’t enough money; education funding in particular suffers. It’s a classic case: Those who have get, and God bless the child who’s got his own.

Enter Mr. Florio.

To close a budget gap this year and a huge deficit for fiscal 1991, he is proposing some hefty cuts. The 1991 budget will actually be somewhat smaller than this year’s. That ought to console those who fear he is another tax-and-spend fellow.

But he also calls for higher sales taxes on tobacco and alcohol, and other consumption.

The dramatic stuff comes in 1992. Then he will raise $1.25 billion from higher income tax rates on people with incomes higher than $55,000. Some 75% of the new money will be raised from the 5% of income tax filers earning more than $100,000. These people will pay a marginal rate of 7% on income above $100,000.

The state will assume some of the local costs for welfare and social services, taking over the counties’ ability for programs like welfare payments for families with children, the aged, blind and disabled, foster care and indigent patients in institutions.

Mr. Florio also will propose a new school aid formula that he claims will ensure that the education of each student is supported by an adequate level of financial resources.

God bless the child that doesn’t have his own, too.

And, finally, he couples fairer state funding of welfare and education with personal property tax relief by capping an individual’s property tax payment at 5% of his or her income for those with a taxable income of less than $65,000.

His proposals are a long way from enactment. There is room for negotiating the details.

But low taxes are not the only consideration in choosing where to live or do business. Quality of life — for all residents of a state — is important, too, and that includes factors like a work force prepared for jobs and young people who feel they have a stake in the community.

Mr. Florio has provided a dramatic vision for a fairer New Jersey, supported not by florid rhetoric, but by a practical proposal. It deserves to be considered fairly.

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