

REMARKS OF GOVERNOR JIM FLORIO
STATE BUDGET CAP LAW BILL SIGNING
TRENTON, NEW JERSEY
MONDAY, SEPTEMBER 17, 1990

TODAY MARKS A TURNING POINT IN NEW JERSEY, BECAUSE IN A FEW MINUTES I'M GOING TO SIGN INTO ONE OF OUR MOST FUNDAMENTAL VALUES THAT WE SHOULD HAVE IN OUR SOCIETY

THAT VALUE, AMONG OTHER THINGS, SAYS YOU CAN'T SPEND WHAT YOU DON'T HAVE. JUST AS IT WAS TRUE FOR MY FAMILY WHEN WE WERE GROWING UP; IT IS TRUE FOR MILLIONS OF OTHER FAMILIES IN NEW JERSEY; IT'S TIME THAT THAT PROPOSITION BECAME TRUE FOR THE STATE GOVERNMENT HERE IN NEW JERSEY.

THAT TIME IS NOW. WE'RE PUTTING A CAP ON STATE SPENDING -- LONG OVERDUE. FOR THE FIRST TIME, WE'RE GOING TO IMPOSE SOME DISCIPLINE ON OUR SPENDING HABITS HERE IN TRENTON.

THE STATE BUDGET CAP WILL WORK THROUGH A VERY SPECIFIC FORMULA, BASED ON FIGURES ISSUED BY THE FEDERAL DEPARTMENT OF COMMERCE.

FROM NOW ON, STATE BUDGETS WILL BE LINKED TO OUR ABILITY TO PAY. THE PERCENTAGE OF INCREASE WILL BE TIED TO AN AVERAGE INCREASE IN THE STATE'S PER CAPITA INCOME.

IF IT'S SIX PERCENT, OR TWO PERCENT, THAT IS HOW MUCH THE BUDGET WILL BE ALLOWED TO INCREASE. IT CAN BE LESS, BUT IT CAN BE NO MORE.

WE ARE COMMITTED TO HAVING LEAN EFFICIENT GOVERNMENT HERE IN NEW JERSEY. THIS BILL IS PART OF THAT COMMITMENT. IT'S A COMMITMENT TO GIVE TAXPAYERS GOOD VALUE FOR THE MONEY THAT THEY SEND TO TRENTON.

FOR THE PAST FEW YEARS, THE WORDS "RECKLESS" AND "OUT OF CONTROL" HAVE BEEN THE WORDS TO DESCRIBE SPENDING HERE IN NEW JERSEY. WE'RE GOING TO REPLACE THOSE WORDS WITH "PRUDENT" AND "STABLE," AS THE WORDS TO DESCRIBE SPENDING HABITS HERE IN TRENTON.

STATE BUDGETS ARE NOT GOING TO INCREASE BY 14 PERCENT, YEAR AFTER YEAR, AS HAS BEEN THE CASE FOR THE PAST COUPLE OF YEARS. AND THEY'RE NOT GOING TO BE BASED ON UNREALISTIC REVENUE PROJECTIONS.

FOR TOO LONG, OUR STATE GOVERNMENT HAS WALLOWED IN WHAT SOME HAVE CALLED "THE MOST DELICIOUS PRIVILEGE OF ALL -- SPENDING OTHER PEOPLE'S MONEY."

ACCORDING TO THE OFFICE OF BUDGET AND MANAGEMENT, THINGS WOULD BE A LOT DIFFERENT TODAY IF WE HAD PUT STATE CAPS ON SPENDING A FEW YEARS AGO.

THEIR FIGURES SHOW THAT IF THE STATE CAP HAD BEEN IN EFFECT FROM 1984 TO 1990, WE COULD HAVE REDUCED SPENDING BY MORE THAN TWO BILLION DOLLARS IN THAT PERIOD OF TIME.

IF THEY HAD BEEN IN EXISTENCE FOR JUST THE LAST TWO YEARS -- 1989 AND 1990 -- STATE SPENDING WOULD HAVE BEEN REDUCED BY A BILLION DOLLARS. IF WE HAD MADE THIS ONE JUST A FEW YEARS AGO, THAT IS THAT ONE CHOICE OF IMPOSING A CAP IN THE LAW, WE WOULDN'T HAVE HAD TO TAKE ON MANY OF THE TOUGH CHOICES WE HAD TO MAKE THIS YEAR.

THE REAL TRAGEDY IS THAT THE MONEY WAS SPENT IN THE PAST WITHOUT REGARD FOR TO THE SOURCE OF THAT MONEY -- THE MEN AND THE WOMEN OF NEW JERSEY WHO WORK VERY HARD FOR THEIR DOLLARS AND WHO HAVE NOT SEE THOSE DOLLARS SPENT IN THE MOST THOUGHTFUL WAY IN THE LAST EIGHT YEARS.

THEY DESERVE MORE FOR THEIR MONEY THAN THE FISCAL ROLLER COASTER THAT THIS STATE HAS BEEN ON THAT HAS SEEN US GO FROM BILLION DOLLAR SURPLUSES TO BILLION DOLLAR DEFICITS IN A VERY, VERY SHORT PERIOD OF TIME.

THEY DESERVE MORE THAN TO SEE THEIR PROPERTY TAXES CONTINUE TO SPIRAL UPWARD IN THE LAST DECADE. IN AN EIGHT YEAR PERIOD PROPERTY TAXES WENT UP BY 108 PERCENT ON AVERAGE ACROSS THIS STATE.

LIKewise, OUR CHILDREN DESERVE MORE THAN TO BE TOLD THAT THE QUALITY OF THEIR EDUCATION DEPENDS UPON THE ACCIDENT OF WHERE IT IS THEY HAPPEN LIVE.

THE PEOPLE DESERVE A STATE INCOME TAX SYSTEM THAT MAKES SURE THAT THERE IS FAIRNESS. THE IDEA THAT A MILLIONAIRE WOULD PAY THE SAME RATE AS A MIDDLE INCOME FAMILY THAT EARNS \$50,000 IS SOMETHING THAT IS FUNDAMENTALLY NOT FAIR.

NEW JERSEY TAXPAYERS ARE GOING TO GET WHAT THEY'RE ENTITLED TO -- WHAT THEY'VE EARNED MANY TIMES OVER -- FAIRNESS. BECAUSE WE'RE OPERATING ON A DIFFERENT SET OF VALUES NOW.

AND IRONICALLY ENOUGH, OUR NEW VALUES ARE REALLY OLD VALUES THAT WE'RE COMING BACK TO -- ONES THAT SAY THINGS LIKE YOU CAN'T SPEND WHAT YOU DON'T HAVE. THAT YOU CAN'T RUN AWAY FROM PROBLEMS AND EXPECT THEM TO GO AWAY. WE'RE NOT WISHING THAT THINGS GET DONE, WE'RE DOING THEM.

SO BY PUTTING A CAP ON STATE SPENDING, WE WILL DO MORE THAN TURN A BASIC VALUE INTO THE LAW. WE'LL STRENGTHEN THE FOUNDATION OF OUR GOVERNMENT; WE'RE GOING TO BE KEEPING COMMITMENTS.

BECAUSE A GOVERNMENT IS BASED ON ONE FIRM PRINCIPLE -- TRUST ON THE PART OF THE PEOPLE FOR ITS GOVERNMENT. NO GOVERNMENT CAN AFFORD TO LOSE THE TRUST OF ITS PEOPLE.

IT COMES DOWN TO A CHOICE: WE CAN KEEP FEEDING OUR SPENDING HABITS WITHOUT REGARD TO THE FUTURE, OR WE CAN ACT WITH THE SAME COMMON SENSE THAT PEOPLE USE EVERY DAY OF THEIR LIVES WHEN THEY PUT THEIR OWN MONEY INTO PRODUCTIVE USES.

WE'RE CLEARLY CHOOSING COMMON SENSE, BECAUSE THE ALTERNATIVE MAKES NO SENSE.

THE STATE CAP LAW IS A CONTRACT BETWEEN THE PEOPLE OF THIS STATE AND THEIR STATE GOVERNMENT. IT'S NOT A PROMISE. IT'S NOW THE LAW, AND IT'S THE LAW THAT'S GOING TO BE ENFORCED AND WILL NOT BE BROKEN.

I WANT TO COMMEND PARTICULARLY ALL THE SPONSORS WHO HAVE BEEN WORKING VERY HARD THROUGH THE COURSE OF THIS SESSION TO MAKE SURE THAT THIS GETS ENACTED INTO LAW.

I WANT TO COMMEND THE SPONSORS OF THIS BILL -- SENATOR RUSSO AND ASSEMBLYMEN SCERNI AND MCGREEVY -- FOR THEIR LEADERSHIP IN TAKING THIS IMPORTANT STEP.

AND NOW, I TAKE GREAT PLEASURE IN SIGNING THIS BILL -- THIS FUNDAMENTAL VALUE OF RESPONSIBILITY AND TRUST -- INTO LAW.

THANK YOU VERY MUCH.