

REMARKS OF GOVERNOR THOMAS H. KEAN

AT THE

PRESS CONFERENCE

ANNOUNCING PROPOSED 10% CUT IN THE INCOME TAX

STATE HOUSE

TRENTON, NEW JERSEY

MAY 9, 1985

GOOD AFTERNOON.

I HAVE CALLED YOU HERE TO ANNOUNCE THAT I AM TODAY  
PROPOSING A ONE-TIME CUT IN NEW JERSEY'S GROSS INCOME TAX.

I PROPOSE AN INCOME TAX CUT OF 10% FOR ALL NEW JERSEY  
TAXPAYERS, WITH A MAXIMUM TAX CUT OF \$75 FOR ANY GIVEN  
RETURN.

THE TAX CUT I PROPOSE WOULD BE TAKEN AS A CREDIT ON 1985  
INCOME TAX RETURNS.

IF WE CAN AFFORD IT IN FUTURE YEARS, I WOULD HOPE THAT THE LEGISLATURE WOULD RENEW THIS TAX CUT -- BUT MY PROPOSAL TODAY WOULD APPLY TO THIS TAX YEAR ONLY.

AS YOU KNOW, IN EACH OF THE LAST TWO YEARS I HAVE PROPOSED AN INCREASE IN THE HOMESTEAD TAX REBATE PROGRAM FOR ALL NEW JERSEY HOMEOWNERS AND IN THE TENANT TAX CREDIT FOR RENTERS.

FOR TWO YEARS RUNNING, THE LEGISLATURE HAS FAILED TO ACT ON THAT TAX REBATE.

IF THE LEGISLATURE HAD ACTED AS I HAVE ASKED, NEW JERSEY TAXPAYERS WOULD NOW HAVE THAT MONEY IN THEIR POCKETS.

UNFORTUNATELY, THEY DO NOT.

IT IS BECAUSE THE LEGISLATURE HAS FAILED TO PASS MY TAX REBATE, DESPITE AMPLE TIME AND DESPITE THE BROAD PUBLIC SUPPORT THAT I BELIEVE EXISTS FOR A TAX REBATE, THAT I AM TODAY PROPOSING THIS ALTERNATIVE.

THE ORIGINAL TAX REBATE PROPOSAL WOULD HAVE COST THE TREASURY \$90 MILLION.

WHEN I SUBMITTED MY PROPOSED BUDGET TO THE LEGISLATURE BACK IN JANUARY, I SUGGESTED INCREASING THE AMOUNT FOR TAX REBATES TO \$100 MILLION.

THE COST TO THE TREASURY OF THE INCOME TAX CUT I AM PROPOSING TODAY WOULD BE \$115 MILLION.

THE BENEFIT OF THIS NEW TAX CUT PROPOSAL IS THAT IT IS A MUCH MORE BROAD-BASED PROGRAM.

MY PROPOSED TAX REBATE AND TENANT CREDIT WOULD HAVE GONE TO APPROXIMATELY 1.3 MILLION HOMEOWNERS AND 700,000 RENTERS -- A TOTAL OF 2 MILLION TAXPAYERS.

THIS TAX CUT WILL AFFECT 34% MORE TAXPAYERS -- IN OTHER WORDS, ALL OF THE 2.7 MILLION NEW JERSEYANS WHO ACTUALLY PAY INCOME TAX.

AS THE CHART TO MY RIGHT SHOWS, FOR THE AVERAGE NEW JERSEY TAXPAYER, WHOSE TAXABLE INCOME IS JUST OVER \$26,000, MY PROPOSED 10% TAX CUT WILL REDUCE HIS OR HER INCOME TAX BY JUST ABOUT \$56.

THESE CHARTS ALSO SHOW THE TAX CUTS THAT WOULD GO TO A FAMILY OF FOUR AT VARIOUS INCOME LEVELS. AS THE CHART SHOWS, THIS PLAN MEANS THAT A NEW JERSEY FAMILY OF FOUR WITH A GROSS INCOME OF LESS THAN \$38,000 WOULD RECEIVE A STRAIGHT 10% CUT FROM ITS TAX LIABILITY.

SUCH A FAMILY WITH AN INCOME ABOVE THAT WOULD RECEIVE THE \$75 MAXIMUM TAX CUT FROM ITS LIABILITY.

A SINGLE TAXPAYER WITH AN INCOME BELOW \$35,000 WOULD BE ABLE TO TAKE THE FULL 10% OFF HIS OR HER TAX LIABILITY; WHILE A SINGLE WITH AN INCOME ABOVE THAT LEVEL WOULD BE ABLE TO CUT \$75 FROM HIS OR HER TAX BILL.

ACCORDING TO FIGURES FROM OUR DIVISION OF TAXATION, 77% OF ALL NEW JERSEY TAXPAYERS -- OR SOME 2.1 MILLION FAMILIES AND INDIVIDUALS, WOULD RECEIVE THE FULL 10% TAX CUT.

ROUGHLY 23% OF OUR TAXPAYERS -- OR SOME 600,000 FILERS -- WOULD RECEIVE THE MAXIMUM \$75 TAX CUT UNDER MY PLAN.

THE AVERAGE FILER OF A JOINT RETURN, WHO IN NEW JERSEY HAS AN AVERAGE INCOME OF \$39,700, WOULD RECEIVE A \$75 TAX CUT UNDER THIS PROPOSAL.

THE AVERAGE FILER OF A SINGLE RETURN, WHOSE AVERAGE INCOME IN NEW JERSEY IS JUST UNDER 14,000, WOULD RECEIVE A TAX CUT OF OVER \$25.

THIS IS, AS YOU CAN SEE, A VERY STRAIGHTFORWARD PLAN. IT IS NOT COMPLICATED.

IT DOES NOT INVOLVE SENDING OUT CHECKS TO REFUND MONEY ALREADY TAKEN.

IT DOES NOT USE ANY COMPLICATED FORMULA OR DEDUCTION PROCESS.

IT IS, VERY SIMPLY, A TAX CUT.

AND I BELIEVE THAT IT IS VERY MUCH DESERVED BY NEW  
JERSEY TAXPAYERS.

CLEARLY, WITH THE ECONOMIC RENAISSANCE THAT HAS SWEEPED  
NEW JERSEY FOR THESE LAST TWO YEARS, WE CAN AFFORD THIS SHOW  
OF FAITH TO THE TAXPAYERS.

THERE IS ROOM FOR IT IN THE BUDGET I PROPOSED TO THE  
LEGISLATURE FOR FISCAL YEAR 1986.

THE MONEY IS THERE.

AND NOW THAT IS THERE, I BELIEVE THAT IT IS CRITICALLY  
IMPORTANT THAT IT BE RETURNED TO THE TAXPAYERS FROM WHENCE IT  
CAME.

WE HAVE ASKED THE TAXPAYERS TO SUSTAIN VITAL STATE  
PROGRAMS WHEN OUR ECONOMY WAS DOWN. WE HAVE GONE TO THE WELL  
WHEN WE HAD TO, DURING THE RECESSION.

WELL, AS WE ALL KNOW, NEW JERSEY IS NOT IN A RECESSION.  
THE STATE IS BOOMING. THE BOOM MAY NOT LAST FOREVER, BUT  
WHILE IT IS HERE, WE SHOULD ALLOW THE LONG-SUFFERING  
TAXPAYERS TO SHARE AT LEAST SOME OF ITS BENEFITS.

WE HAVE TO PROVE THAT GOVERNMENT IS NOT SIMPLY A SPONGE,  
ALWAYS READY TO ABSORB WHATEVER MONEY IT CAN.

WE MUST RECOGNIZE THAT PEOPLE WILL LOSE THEIR FAITH IN  
GOVERNMENT IF GOVERNMENT DOES NOT ACT WISELY, IF IT DOES NOT  
TREAT THE TAXPAYERS FAIRLY, IF IT DOES NOT RECIPROCATE IN  
GOOD TIMES THE FAITH WHICH WAS SHOWN IT IN BAD TIMES.

THIS TAX CUT PROPOSAL IS FAIR.

IT IS SIMPLE.

AND IT IS TIMELY.

THE TIME FOR A TAX CUT FOR NEW JERSEYANS HAS COME. IN  
FACT, IT'S LONG OVERDUE.

THAT'S WHY I AM URGING ALL NEW JERSEYANS TO JOIN ME IN  
ASKING THE LEGISLATURE TO PASS THIS PLAN QUICKLY.

THANK YOU.



*Binder*

# OFFICE OF THE GOVERNOR NEWS RELEASE

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## KEAN PROPOSES 10% INCOME TAX CUT

TRENTON -- Governor Thomas H. Kean today proposed a one-time cut of 10% in New Jersey's gross income tax, up to a maximum cut of \$75 per taxpayer.

Kean estimated that his plan, which would apply to all 2.7 million New Jerseyans who pay income taxes, would cost the Treasury \$115 million in revenues.

Kean had already proposed an increase in the homestead rebate and tenant tax credit programs, and included these proposals in his proposed fiscal year 1986 budget. But, he noted, the Legislature has failed to act on the tax rebate proposal, so he is proposing a cut in the income tax as an alternative.

"If the Legislature had acted in a timely fashion on my tax rebate proposal, New Jerseyans would now have that money in their pockets," Kean said in announcing the plan at a State House news conference.

(more)



Kean Proposes Income Tax Cut

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"Since they have not, I am proposing this one-time 10 cut in the income tax as an alternative," he added. "With the economic renaissance that has swept New Jersey for these last two years, we can afford this show of faith to the taxpayers. The time for a tax cut in New Jersey has come."

Kean asked all New Jerseyans to join him in pressing the Legislature to pass the income tax cut quickly.

Under the Governor's plan, the average New Jersey taxpayer would receive a tax cut of \$56.

The Governor's proposal means that a New Jersey family of four with a gross income of \$38,000 or less would be able to subtract 10% from its tax liability on their 1985 income tax return, while a family with an income above that level would simply subtract the \$75 maximum from its tax bill.

According to figures supplied by the Division of Taxation, 77% of New Jersey taxpayers -- some 2.1 million filers -- would receive the full 10% tax cut. Roughly 23% of the taxpayers, or 600,000 filers, would receive the maximum \$75 tax cut.

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Proposed Tax Cut for

AVERAGE NEW JERSEY TAXPAYER

<u>GROSS INCOME</u>	<u>EXEMPTION</u>	<u>TAXABLE INCOME</u>	<u>CURRENT TAX</u>	<u>PROPOSED TAX</u>	<u>TAX CUT</u>	<u>% TAX CUT</u>
\$29,285	\$3,000	\$26,285	\$557.12	\$501.41	\$55.71	10%

EXAMPLES OF TAX CUTS  
FOR A FAMILY OF FOUR

<u>GROSS INCOME</u>	<u>CURRENT TAX</u>	<u>PROPOSED TAX</u>	<u>TAX CUT</u>	<u>% TAX CUT</u>
\$15,000	\$ 220	\$198	\$22	10%
\$20,000	\$ 320	\$288	\$32	10%
\$30,000	\$ 550	\$495	\$55	10%
\$38,000	\$ 750	\$675	\$75	10%
\$40,000	\$ 800	\$725	\$75	9.4%
\$50,000	\$1,050	\$975	\$75	7.1%

EXAMPLES OF TAX CUTS  
FOR SINGLE TAXPAYERS

<u>GROSS INCOME</u>	<u>CURRENT TAX</u>	<u>PROPOSED TAX</u>	<u>TAX CUT</u>	<u>% TAX CUT</u>
\$15,000	\$ 280	\$ 252	\$28	10%
\$20,000	\$ 380	\$ 342	\$38	10%
\$30,000	\$ 625	\$562.50	\$62.50	10%
\$35,000	\$ 750	\$ 675	\$75	10%
\$40,000	\$ 875	\$ 800	\$75	8.6%
\$50,000	\$1,125	\$1,050	\$75	6.7%