Tax Cut Plan

JOSH
FOR JERSEY
★ GOVERNOR ★

LOWER TAXES. JERSEY VALUES.

I'm running for Governor because I believe the fundamental problem facing New Jersey and our families is affordability — it costs too much to live here and our state taxes are too high. I will be the "Lower Taxes, Lower Costs" Governor.

We must take on our affordability challenge. We must solve this problem if we are going to grow our state and create opportunity for Jersey families. We must cut costs, our property and income taxes, and incentivize people and jobs to stay in our state and come to our state. For too many Jersey families, our life has become unaffordable. This must change.

As I've traveled to diner after diner across our state, I've heard the same thing: Life in Jersey has become too damn expensive. We pay too much in taxes and too much just to live. It's driving out job-creating businesses and families and undermining our quality of life. 500,000 people — and scores of businesses and jobs — have left our state in the last few years. That's like losing the entire city of Newark or Atlantic County.

New Jersey is now the fourth most expensive state in the nation, with the second most expensive child care. Our housing costs are more than 35 percent higher than the national average. We have the highest property taxes in the nation, the highest business taxes, high utility prices, and higher income taxes than Connecticut, Pennsylvania, and 43 other states. I hear it all the time from moms and dads, kids coming out of college, and seniors — they love New Jersey, but just can't afford to stay — or even take the family to a diner. That has to change. It's time for a reboot.

I'm running for Governor to make Jersey affordable again: our taxes are too high and we're not getting our money's worth. I'll lower health care and child care costs, utility bills, and the cost of owning or renting a home — and for those who say it can't be done, know that I won't give up. I'm a problem solver — we will lower taxes for Jersey families.

Some insist we can't make government more efficient and still live up to our Jersey Values. That's a false choice: The cost of government — and families and businesses in New Jersey have to pay for it — is driving jobs out of our state and costing us the money we need to deliver the kind of services we want. We can improve services and protect the programs we value – and help people afford to live in Jersey.

Just think about this: All those Jersey families who leave our state each year — they're taking jobs, income, and tax revenue with them. The Policy Lab at Rutgers reports that, "From 2011 through 2019, this has resulted in the state hemorrhaging more than $23.6 billion in net adjusted gross income." That's just the *net*: Those who are leaving New Jersey actually took with them nearly $86 billion in income. As the Rutgers report notes, our state's tax structure is largely driving out the wealthiest individuals — and many of these take their businesses with them, costing other New Jersey residents their jobs and incomes. And, of course, all of that hurts tax revenues, and the resources we have to invest in our state and help those who need it most.

If we're going to stop hemorrhaging jobs, income, and people, we need to start by reducing our tax rates. With more jobs, higher incomes, and population growth, we could afford *more* of the high-quality public services — from schools and job training to day care and infrastructure — that Jersey families value.

What does the money go for? Under Governor Phil Murphy, we have done much to improve school funding and begin the process of expanding access to child care and more affordable housing for seniors, and everything in between. But, we haven't been able to complete the task and fulfill our Jersey Values — such as providing universal pre-school and school meals to all our children, or expanding jobs and opportunities for *all* New Jersey families — because we lack the funding to pay for these.

We lack the funding. Think about that: Is that because our taxes are too low? Of course not: I've already shown how they're among the highest in the nation. In fact, total state government funding, even excluding the special funding provided during COVID, has grown 46 percent since Fiscal Year 2019. At the same time, we have 564 municipalities — among the densest in the country. Are we getting *more government services* for all that money? 46 percent more? Clearly not!

We don't need higher taxes to pay for more government spending: We need *lower* taxes, *higher* growth, and *better, smarter* government spending. And I'm the only candidate for governor with a plan for *all* of those -- a plan to deliver for Jersey families.

My plan for modernizing New Jersey state government and making it more competitive consists of three parts:

I. **Restoring Fiscal Responsibility**

II. **Cutting Property Taxes and the Cost of Rent to Make it More Affordable to *Live* in New Jersey**

III. **Reboot Jersey: Tax Cuts and Incentives to Make it More Affordable to *Grow* and *Work* in New Jersey**

In the coming weeks, I will be unveiling further plans to lower costs for families in areas like housing, health care, child care, and energy; to grow the economy and jobs in our state; to make the investments we need to further boost New Jersey's quality of life; and to preserve and protect Jersey Values against any onslaught from the new Administration in Washington. But, first, I want to tell you how we can get New Jersey's fiscal house in order, so that we can work and grow our way to even greater success. And to those who doubt it, I say: Yes, we can! I've taken on the toughest problems over the years, that others said were impossible, and solved them. We can do that again. Here's how.

I. Restoring Fiscal Responsibility

If we're going to cut taxes, we first need to get New Jersey's fiscal house in order.

All the people who say we can't cut taxes and that we need to raise them insist that that's because the costs of delivering the government services we need and want are just too high. I say: Exactly! And that's why we need to trim those costs of doing business — not hike taxes. We can do that without eliminating the programs we care about. Instead, we'll run things better, deliver better services and lower taxes for families.

The next governor will take office with a roughly $2 billion structural budget deficit. That's $2 billion each year that we need to come up with before we can start making critical investments in child care, education, job creation, and housing that's more affordable — all things everyone knows we need.

I doubt you're going to hear much of a plan from any of the folks running about how to close that gap, because it's not as "sexy" as proposing all kinds of new programs to win an election. But, that's exactly the kind of problem I work on solving because I'm a problem solver, not a typical politician. I have a real record of delivering realistic, responsible solutions.

That's why *my* plan starts with the unexciting job of *balancing the budget first* – before we even get into tax cuts and needed investments. Because, there's no point in proposing the latter if we can't do the former.

So, I have a detailed plan for how we're going to balance the budget at every step — from addressing the state's structural deficit, to cutting taxes for homeowners and renters, to providing tax breaks and incentives for both those who create jobs *and* those who work in them, to making the investments we need to make it more affordable to live and work in New Jersey. Because if I believe in anything in government, it's being *responsible* — and that's where my plan starts.

THE GOTTHEIMER PLAN			
	Gains	**Costs**	**Running total**
Fiscal responsibility			
Structural deficit		**$2.000 billion**	**-$2.000 billion**
Savings from efficiency review (5%)	**$ 2.900 billion**		**+0.900 billion**
Modernized state employee health coverage	**$ 0.580 billion**		**+1.480 billion**

An Efficiency, Cost-Saving Plan for State Government

We need to make our state government more efficient. We are legendary in New Jersey for our bureaucracy – for layers, and for everything taking too long, from a permit to fix your house to a license to open a small business. We also can streamline things and stop overpaying for things like our state prescription drug program; energy usage in state buildings; how much we pay for purchasing goods and services; inefficient human resource systems; overly-layered permitting and licensing processes; how we manage state vehicles and real estate; outdated technology and other systems; and more. Dozens of other states — including, Texas, Pennsylvania, and smaller states like Arizona, Connecticut, Colorado, Iowa, New Mexico, West Virginia, Wyoming, and Louisiana — and even cities and towns have all conducted comprehensive efficiency efforts that consistently save 5 percent or more off the cost of government operations.

Five percent doesn't sound like a huge amount to improve how you do what you do, but in the case of New Jersey state government, a mere 5 percent efficiency improvement would mean nearly $3 billion a year in savings. And that *does* sound like a lot, which makes cynics wonder whether it really can be done.

Think about it this way: Our state government costs have risen by 46 percent since Fiscal Year 2019, not even including COVID spending. Does anyone honestly believe that in that 46 percent growth we won't find at least 5 percent in improved efficiency like other states? Or, that all those other states I mentioned can figure out how to improve the efficiency of their operations without cutting the programs and services people need, but New Jersey alone *cannot*? I don't believe that, and if I did, I shouldn't be Governor.

How do other states find 5 percent savings — equivalent to $2.9 billion in our state — without cutting things people care about? It's all about providing *better* government service.

This isn't a typical Republican attack that calls everything in government "waste, fraud, and abuse" as an excuse to kill critical programs and investment. We all are against waste, fraud, and abuse. But my effort is all about making government *better*, providing *better* services, and operating with *higher* efficiency, and protecting the programs and services we value and helps people afford to live in Jersey.

Let me give you some examples:

- The very first state to perform a comprehensive "performance review" was Texas (and it was under a Texas Democrat). The effort was so successful it won national awards for government innovation. It even became the model for the National Performance Review under my old boss, President Bill Clinton. So, this is a good Democratic initiative. Here's one idea the Texas Performance Review had: unscrew the lightbulbs in every soda machine on state property. All these bulbs do is make the Coke bottle look juicier and more appealing — but they use up electricity. Not a *lot* of electricity each, but there are a *lot* of soda machines on state property. Put them all together and unscrewing those light bulbs ultimately saved Texas taxpayers hundreds of thousands of dollars — and hundreds of small efficiencies like that ultimately saved $10 billion its first year and continued every year for 30 years thereafter.

- Everyone remembers the National Performance Review, with its $75 hammers and gold toilet seats at the Pentagon. The National Performance Review cut those out, along with all sorts of unneeded expenditures, and saved American taxpayers billions of dollars a year, and, thanks to Bill Clinton and Al Gore, reduced the size of the federal government to its lowest levels in decades.

- In West Virginia, the state government found through a comprehensive review that it had never properly calibrated the salt spreaders on its snowplows, so it was dropping too much salt on the ground whenever it snowed. Those little grains of salt added up to $3 million a year the state could save by just using the right amount (and $3 million in West Virginia was the equivalent of about $90 million in today's *New Jersey* budget, so that review was worth its salt).

- In Colorado, state employees discovered the state could save money by taking asphalt leftover after paving state highways and pave under the dividers, as well, to save money on weed-whacking. They also eliminated two of the three different services the state used to deliver inter-office mail. This saved hundreds of thousands of dollars a year without reducing services.

- Connecticut conducted a comprehensive review and found that improvements in state hiring processes, retention, and workforce structure would save $70–100 million; integrating agencies with similar missions and centralizing shared services would save $20–40 million; moving to digital platforms for payments, records, and service delivery would generate $190–300 million in value, primarily through cost reductions; leveraging non-profit and private partnerships would create $150 million or more in savings, with potential legislative enhancements boosting this figure; and adjusting the state's portfolio of facilities and equipment would save $50–70 million. That's more than half-billion dollars in efficiency savings — in a state government one-third the size of ours, and fifteen years ago. Adjusted for budget-size and inflation, that would come to about $2.2 billion in our state today. And, that's from only a small part of the overall effort.

- New York State saved $780 million over five years through strategic sourcing and other procurement streamlining efforts. The state generated nearly $33 million in annual savings by using strategic sourcing to provide departments with hourly IT services. Examining procurement and sourcing identified opportunities for $300 million in savings through better contract management and competitive bidding processes. That's more than a billion dollars saved in just three areas. The state even saved $9.5 million annually on road salt costs by issuing a new procurement.

- Oklahoma undertook a review of the state's procurement processes two years ago and saved $62.9 million the first year through managed contract spending in non-IT areas. The state also realized cost-avoidance of over 25 percent — almost $92 million — of its $360 million IT spend. That would be roughly $600 million a year just in purchasing savings in a state our size.

In short, there are countless ways other states have achieved the magnitude of savings I'm proposing for a comprehensive statewide efficiency effort. **None of these involved cutting people's benefits, laying workers off, or eliminating essential programs.** But, you put together a hundred ways to save a few million dollars here and a few tens of million dollars there, and, as people in government say, pretty soon you're talking "real money."

There's a range of further issues that my efficiency effort will look at to save us money in New Jersey. I want to mention two in particular:

Claw Back More Federal Dollars

According to federal government data, in the last fiscal year New Jersey obtained roughly $22.6 billion in federal funding. We're getting just 75 cents for every dollar we send to Washington. That ranks us 21st in the nation, despite the fact that by population we rank 11th. Minnesota, Indiana, Virginia, Kentucky, Connecticut, Washington, South Carolina, Wisconsin, Maryland, Tennessee, and Arizona — all states smaller than New Jersey — received more in federal funding. And this isn't all just because of poverty-driven formulas or military bases that favor Southern states: Connecticut brought in $6.3 billion more than we did. If we simply can match Connecticut, it would pay for my entire fiscal responsibility program and tax cuts several times over.

How much can we really obtain? Substantial federal funding is available to most communities, their schools, and state governments as a whole. Almost all states fail to claim all of the federal formula funds to which they are entitled to receive under a variety of programs, such as Title IV-E/Foster Care & Adoption Assistance program and the Title XIX/Medicaid program. Most states can and should be obtaining at least an additional $9.5 million per year, per 1 million total population, in social-program funding for children and the elderly; this would mean roughly $85 million annually for New Jersey. We also can claim federal reimbursement for a two-year retroactive period, which would mean an additional one-time infusion of about $170 million.

And that's just formula grants — there are additional federal discretionary monies that states can apply for. For instance, Massachusetts established a Federal Funds and Infrastructure Office in order to tap billions of dollars in additional federal funds in response to the COVID-19 pandemic and the federal infrastructure and recovery legislation enacted under President Joe Biden; that state also created a state pool specifically to help municipalities apply for such funds. Thanks to Governor Murphy, New Jersey finally launched a state Grants Office, like many other states have, to coordinate and intensify efforts to obtain grant funding. Now, we need to push those efforts to the next level and achieve the amounts of increased funding other states have achieved. Much of this funding will expire before the next governor takes office, but some continues well into the next decade. We need to bring those dollars back to New Jersey.

I know how to do that. As a Congressman, I increased the federal funding coming in to my district by 357 percent. If we do just a fraction of that for the entire state, we could easily add several hundred million dollars to New Jersey's state budget in federal funding alone.

Modernizing State Employee Health Care Coverage

Health plan costs are one of the largest and fastest-rising drivers of government expenditures. By going after pricing, especially on prescription drugs, and promoting newer, more modern approaches to wellness and health care access, we can improve state employee health care while cutting these costs by up to 40 percent — as other jurisdictions (not to mention corporations and unions) have done.

The easiest of cost-savings changes would be utilization of an independent Pharmacy Benefits Manager (PBM) to drive down exorbitant prescription drug costs. An independent, non-insurance carrier-based PBM would generate immediate reductions in drug prices, closer access to major drug manufacturers, improved plan design, and more effective drug utilization.

We should also conduct post-payment medical bill review and recovery, focusing on whether medical facilities are billing the plan appropriately as opposed to how the plan administers a claim, such as identifying billing errors and overcharges on medical bills like upcoding, unbundling of services, or diagnostic procedure code errors. According to compliance review experts, the savings for medical bill compliance reviews can amount to approximately 7.0% of the total annual health care spend.

Other states also have achieved savings by combining the purchasing power of state and local government employees to lower insurance premiums, which by itself could save the state several hundred million dollars.

We also can lower costs by providing options for *better* health care to state employees. Onsite and near-site health centers, for instance, make it easier for employees to obtain health care when and where they want it, while also realizing substantial savings and the ability to better control and manage health care spend. Montana and Kentucky have implemented this solution, along with numerous municipal governments. According to one study, access to such centers resulted in a 50 percent reduction in inpatient admissions, 35 percent reduction in specialist visits, and nearly 30 percent overall gross savings. Providing employees with additional options to increase the convenience and ease of obtaining health care, such as telemedicine, will also reduce overall costs.

Finally, greater use of data analytics can enable us to lower costs without reducing — and, in fact, as in most areas, actually improving — the quality of care. Data analytics can provide tracking and managing of the effectiveness and savings of all our proposed initiatives; more effective executive decision-making; identification of cost-drivers, key performance measures, risk reduction, gaps in care compliance, best practice compliance, referral optimization, and more; a more consolidated approach to health care, Workers' Comp, disability, and other programs; and identifying members who could benefit from intervention but are not currently enrolled in managed population health and well-being programs.

Through all such efforts at improving health care delivery for our state employees, it is possible to achieve another 2 percent reduction in our overall operating costs, as other entities — both public and private — have achieved.

Conclusion: Yes, We Can!

Put all this together, and no-one should doubt that New Jersey can achieve the savings I'm proposing — just like other states have. These efficiency gains will more than cover the state's structural deficit *and* produce an additional $1.5 billion a year that we can apply to bringing down taxes and *improving* state programs. Not just this, but all three parts of my plan are in financial balance and, in fact, each ends with a small surplus — so that we know we can afford these changes.

II. Cutting Property Taxes and the Cost of Rent to Make it More Affordable to *Live* in New Jersey

New Jersey's taxes are too high overall. That's one of the major reasons why we're the Number One state in the country for *net out-migration* — for the seventh year in a row. People are leaving because it costs too darn much — and taxes are a big part of the problem. Another reason is job opportunities: We're not attracting as many businesses with good-paying jobs because, again, costs — including taxes — are too damn high. And without good jobs, people can't afford to live here. So, the place to start to reboot Jersey is to lower taxes — for everyone.

THE GOTTHEIMER PLAN			
	Gains	Costs	Running total
Carryover from Part I	**$1.480 billion**		**+1.470 billion**
Property Tax Cut Package			
Property Tax Cut		**$4.733 billion**	**-$3.253 billion**
"Renter Rebate" Refundable Income Tax Credit		**$0.450 billion**	**-$3.703 billion**
Local govt efficiency (5%) offset to property tax cut	**$2.400 billion**		**-$1.303 billion**
Go after New York State taxes	**$1.400 billion**		**+$0.097 billion**

While our taxes are comparatively high across-the-board, the one tax where we're a true outlier and totally uncompetitive with other states in our Northeast and Mid-Atlantic regions is our state's property tax. My plan starts by *cutting property taxes.*

A. Cutting property taxes

Owning a home in New Jersey is already expensive enough. Between 2021 and 2022, our median household income grew from $89,703 to $97,126, an 8.28% increase. But, our average home price grew by 12.4%. In other words, housing prices are growing 150 percent as fast as the income to pay for them.

Part of the problem, of course, is that we just don't have enough housing supply in New Jersey. We just haven't built enough to keep up with demand, and that impacts prices and our ability to grow. That includes starter and workforce housing for younger buyers and senior housing for retirees, and for those whose kids have left the house. As a result, when demand outstrips supply, the costs go up — and that's exactly where we are right now. Jersey needs to add more than 200,000 housing units to fix our current shortage, and I'll work to cut red tape that gets in the way of building more homes — especially those near mass transit and in abandoned office parks.

I'll be announcing my detailed plans to do that, and lower costs for families generally, in a few weeks — but in this plan I want to share with you how I'm going to cut *the taxes on those homes*, so more people can afford to buy a home and stay in it.

New Jersey's property tax rate — expressed as the effective rate on owner-occupied housing, in other words the average amount of residential property taxes actually paid, expressed as a percentage of home value — is the highest in the nation, according to the National Tax Foundation. While the actual rates vary from community to community, New Jersey's overall effective average rate is 2.08%, the only figure in the nation that tops 2 percent overall. The next highest state is Illinois, with an average effective rate of 1.97% — more than a full mill lower than ours. The next highest rate among our regional competitors is Connecticut's at 1.78%.

As Governor, I will lower New Jersey property taxes to the same average level as in Connecticut — a 30 basis-point drop (3 mills), or, basically, a 14.4% cut, in everyone's property tax bill. With the average New Jersey home valued at $538,363, that makes the average property tax bill in our state $11,198 per year. Under my plan, this means an average savings to every New Jersey homeowner of roughly $1,615 per year.

Of course, that doesn't come cheap: It represents a more than $4.7 billion reduction in local government revenues — revenues that must be made up from somewhere. Towns and cities will still get their full property taxes — this will come from state income taxes, as now. As we've seen already, however, my plan to get the state budget in order *first* — by tightening up operations, improving efficiency, and going after what we pay prescription drug PBMs to cover our state employees, to rectify the state's structural budget deficit — leaves an over two billion dollar annual "down-payment" on the tax cut I propose. But, before I tell you where we'll get the rest, let me address an inequity in property tax changes that I want to address, as well.

B. Providing a helpful benefit to renters

A cut in property taxes for homeowners is absolutely essential. But over one-quarter of Jersey families don't own their own homes. I want to make sure that the cost of putting a roof over your family's head comes down for *every* Jersey resident.

I will provide a refundable income tax credit to renters of $500 per year. This basically amounts to the average savings in property tax they would have realized on their home if they owned it, up to home values supporting an annual rental cost of about $30,000, the average annual rent in our state.

While New Jersey's income taxes are far too high, they are relatively progressive — but the property tax is not. My property tax reduction plan, in short, will benefit *every* family, and will do so *progressively*.

C. Requiring and assisting local government efficiency to offset the revenue reductions

Even while benefitting our state economically, to be fiscally responsible, which is my starting point for all conversations about spending and revenue, we still need to identify how we pay for the tax cuts. As I've already stated, I will get New Jersey's fiscal house in order first through operational and administrative improvements in state government. We need to do the same with local governments, as well.

That's why I'll make the property tax reductions for each municipality contingent upon that jurisdiction undertaking a comprehensive efficiency review and achieving the same projected savings of 5 percent off its operating budget that the state government itself will enact. Local governments, in fact, have opportunities to achieve operational efficiencies that state government lacks, by combining such back-office operations as purchasing, HR, fleet operations and maintenance, real estate and asset management, etc., with other neighboring jurisdictions. This won't require municipalities to consolidate or go out of existence; every town in New Jersey can retain its own government and its own identity. But, there is no reason for New Jersey's nationally-high concentration of jurisdictions each to possess their own purchasing operation, for instance. Combining these would not only lower the cost of operating each separately, but would also allow for bulk purchasing to further lower the cost of goods.

All of this can be voluntary, up to local officials and their voters. Municipalities won't *have* to comply and undertake efforts to become more efficient and save money — their citizens simply won't receive the reductions in taxes, then. New York State has long had a program whereby the state helps local governments conduct efficiency reviews and save money — why shouldn't New Jersey?

Local governments in New Jersey spend roughly $48 billion a year, combined — almost as much as the entire *state* government. The same 5 percent savings other jurisdictions have achieved — and which we will hold ourselves to at the state level — would save New Jersey taxpayers $2.4 billion a year. As an added inducement to "get with the program," the state will provide technical assistance to every locality interest to expand and improve efficiency, as New York and Massachusetts have done, and thereby qualify for the new state tax-cutting fund. Talk about a win-win.

D. Taking on New York to let Jersey families working in Jersey pay (lower!) Jersey taxes

These efficiency improvements across both state and local governments still leave us a little less than a billion dollars short of our goal of restoring fiscal responsibility by *both* rectifying the structural budget deficit I will be inheriting and fully paying for the tax cuts I propose. How do we get the rest? The answer is to claw back the revenue that rightfully belongs to New Jersey, but is being unlawfully siphoned away by other states — most notably New York.

If you work for a company based in New York, but do so out of your home in New Jersey, New York demands that taxes be withheld from you as if you actually work and earn your income *in New York* — even though you don't. This is patently unconstitutional and must be stopped. When you work *in* New Jersey and make your money *in* New Jersey, you should pay taxes *in* New Jersey — not anywhere else. If you work in New York for one day, New York tries to take all of it. In fact, it would be impossible to argue that you owed taxes in New Jersey under those circumstances and even New York wouldn't dare argue otherwise. And, even worse, they're taxing our residents at higher rates than we would.

The State of New Jersey currently offers bonuses to any Garden Staters willing to take on New York themselves and litigate for years over their right not to pay New York taxes. Not surprisingly, hardly anyone has taken up the offer. Instead, the state itself needs to fund and litigate the lawsuit to take down New York's egregious confiscatory policies.

It's time to strike back at the Empire State. Jersey shouldn't be picking up New York's tab — it's time we say — enough. As Governor, I will direct the Attorney General to bring our fight to court — and win.

The taxes being wrongfully seized from our residents by New York are estimated to total about $1.4 billion per year. I will do whatever it takes to get this money back from New York. After all, New York has stuck it to our hardworking families with the Congestion Tax. They see us as their piggy bank on all fronts, from the Port Authority to taxes.

It's worth noting that our income tax rates are generally lower than New York's, and, as I will discuss below, I will push as Governor to make them lower across-the-board. But, by ensuring that Jersey residents are taxed on income earned in New Jersey *in New Jersey* rather than in New York, we will not only be helping the state budget, allowing us to pay for lower property taxes in New Jersey, but we also will be lowering the rate at which these workers are paying tax on their earnings. So, my policies will lower taxes both on property *and* on income earned in New Jersey instead of New York.

Which might make you wonder why *anyone* — or any business — would continue working in New York when they could just cross the river and *pay lower taxes by working in New Jersey instead*.

With a net positive balance annually from all these policy changes, that's exactly what Part III of my plan will address.

III. Providing Tax Cuts and Incentives to Make It More Affordable to Create Jobs and *Work* in New Jersey

I want to make New Jersey is the state where businesses want to do business, and I'll have a separate plan to grow jobs and our economy. Today's plan just includes a few coming attractions. I want businesses of all sizes to set up shop here, move their employees and executives here, and hire new workers here. I want to grow the ones that are already here. I want to attract business leaders to move here and bring their businesses with them — and for workers to contemplate moving here, staying here, and retiring here. All of those things will make the economy better in New Jersey for *everyone*.

To do that, I am proposing a package of reforms called "Reboot Jersey" that will cut taxes for business that come here or remain here and — most importantly — create new jobs here. And I will also cut taxes for those who fill those jobs and do the work, including working families who need help paying for child care so they can afford to work, and New Jersey families across-the-board who need a little help stretching their paychecks and deserve a little reward for doing the work they do. Most of all, we need to reverse the trend of out-migration and grow our population, so that more people are creating jobs here, more people are filling jobs here, more people are generating economic activity here, more people are deciding to stay and retire here, and more people are paying our newly-lower taxes here, in a virtuous circle.

THE GOTTHEIMER PLAN			
	Gains	Costs	Running total
Carryover from Part II	**$0.097 billion**		**+$0.097 billion**
New Job ("NJ") Business Tax Credit		**$0.060 billion**	**+$0.037 billion**
Reboot Jersey tax cut package			
Move to Jersey Tax Credit		**$0.315 billion**	**-$0.278 billion**
Retire in Jersey Credit		**$0.100 billion**	**-$0.378 billion**
Family Tax Credit		**$0.250 billion**	**-$0.628 billion**
Make Tax Cheats Pay	**$0.645 billion**		**+$0.017 billion**

My plan, in short, will provide income tax relief across the income spectrum, to everyone from job-creators to job-holders, and from families with young children to seniors who decide to retire. All of these folks are helping "Reboot Jersey" — and so *New Jersey* needs to help *them*.

A. A New Job ("NJ") Business Tax Credit for every job created in New Jersey

I don't just want business to move here, although I do want them to do that. But, I want them to come here to create jobs, and I want to reward those established businesses and startups that expand here as well.

So, my plan offers **a further tax credit to companies (large or small) explicitly for creating new jobs in our state. If you move new jobs (FTEs) to New Jersey, you will get a tax credit of** $5,000 per new job created.

Think of all the open office parks and urban areas we can fill with new jobs from other states. Whether they are a life sciences company, a tech startup, or in financial or high-skilled manufacturing, I will go door-to-door to businesses around the country, including in New York and Pennsylvania, and urge them to move their entire operation, or at least open a satellite, in New Jersey. We have so many New Jersey residents who don't want to commute to New York City or Philadelphia; they can stay in Jersey, support our local businesses, avoid the long commute, and see their families for dinner at night (or be home in time for the baseball game).

Just to reiterate, I will not give tax credits to businesses that move jobs from one part of New Jersey to another. This credit will go only to businesses that bring new jobs to or create net *new* jobs in Jersey.

B. "Move to Jersey" — Taking property taxes off the table in relocation decisions

We don't just need families to *stay in* New Jersey: We need them to *move to* New Jersey. But, as we've already seen, with the highest property taxes in the nation, that can be a hard sell.

My plan will cut those taxes for everyone in our state and move New Jersey from dead-last, up five places to 45th. But that still means there will be 44 states with lower property taxes than us — and that's a hurdle in getting people (and their businesses) to move here.

So, I'm going to make New Jersey the first "property-tax neutral" state in the country. If you move here, you can continue to pay the same property tax at the same rate you paid in the state you left. If you move here from New York, for instance, where you may be paying, on average, 1.40% on your home, you'll be able to keep paying that rate in New Jersey; if you move here from Delaware, you'll keep paying, on average, 0.61%, just like you were still there. And, if you move here from Hawai'i — the lowest property-tax state in the county at an average 0.32% rate — well, that's what you'll keep paying in New Jersey. And we'll throw in winter! Imagine making New Jersey tax-competitive with Delaware — or Hawai'i! That's what we'll do. And our towns and cities will be made whole — they will not lose the property tax revenue.

Of course, a deal that good can't go on forever. Over a five-year period, we'll slowly phase the tax rate on that new home up to what their neighbors are paying. But, since the average property tax rate throughout the United States is 0.91%, that means that, on average, we'll be cutting property taxes for those who move here by not-quite-half, or, on average, a "Move to Jersey" credit of $5,473 the first year alone. Over the full five-year period, that tax break amounts to $16,419 — a nice incentive to make New Jersey home.

By encouraging folks to move here, we'll be recouping a good share of the lost GDP *and* tax revenues I mentioned above. Those families and incomes we're losing every year average around $100,000 per year for each one. By keeping them here or replacing them, we'll be generating new personal income and sales tax revenues of nearly *$5,500* per family — meaning that this new "property-tax neutral" policy is actually net-revenue *generating* in the long term. And that's not even figuring in the positive revenue effects from my overall property tax cuts inducing more New Jersey families who are already here to *stay*.

But, most importantly, this will retain or bring in billions of dollars of economic activity each year in our state. Now, that's *really* how to bring New Jersey back!

C. "Retire in Jersey" Credit

The property tax cuts and rental rebates I've already outlined will help keep people here and be able to better afford life. My Tax Cut Plan also includes a Retire in Jersey incentive for seniors who have lived here for at least a decade. They will receive $1,000 off their state income taxes from us the year they turn 70. This will encourage our seniors to stay here, near their family and friends, and support our local restaurants and stores, rather than move to North Carolina or Florida or Delaware. We want to send a message that we want our seniors to afford to stay.

D. Family Tax Credit – Income Tax Credit for Middle Class Families

New Jersey's income tax structure is the most progressive in the region, with a high deductible and low lower-bracket rates. Basically, you have to be making the median U.S. income of about $60,000 before you end up paying as much income tax in New Jersey as you do in any of our peer states.

PERSONAL INCOME TAX	
State	**Rate**
New York	Top rate 14.78%
New Jersey	$0 to $20,000 1.4% $20,000 to $35,000 1.75% $35,000 to $40,000 3.5% $40,000 to $75,000 5.525% $75,000 to $500,000 6.37% Over $500,000 to $1M 8.97% Over $1 million 10.75%
Massachusetts	Top marginal rate 9.00%
Connecticut	2% - 6.99%
Delaware	2.2% - 6.6%
Pennsylvania	Flat rate 3.07

That's good — but I want to make it better. I want people in New Jersey to have a little bit more at the end of the year. I want people to know that if they move here, they can expect to pay even less than they do now. And, I want to make sure that families who are struggling today to make ends meet will have to struggle a little less to pay their tax bill tomorrow.

That's why I will create a "Family Tax Credit" off the bottom line on the income tax form for *every* Jersey family with dependents — children under 18 or senior parents they're supporting — to help ease the burden. That includes about a fifty percent income **cut taxes for families in the lowest bracket** and, **for those up to the median New Jersey income, we'll cut their income taxes by roughly one-quarter**. And *every* New Jersey family with children or elders to support, regardless of income, will see their taxes go down.

E. Pay for these tax *cuts* by cracking down on tax cheats

The positive balance from Parts I & II of my plan will pay for half these cuts — those aimed at encouraging businesses to move here and create more jobs.

There's a simple way to pay for the rest — the tax breaks I want to give directly to New Jersey families. Those tax cheats who thumb their noses at the rules are costing their fellow taxpayers hundreds of millions of dollars a year in foregone revenues that must be made up through higher taxes or reduced services, or both.

I believe in lower taxes — but I believe that all of us should pay the taxes we owe. I won't tolerate tax cheats, and as Governor I will invest in the resources we need to analyze, identify, and go after those who aren't paying their proper taxes, and we'll make sure that from now on they do.

That will help make it possible for us to *cut* taxes for *everyone*, grow our economy — and Bring New Jersey *Back*.

Together, all these steps pay for themselves and position us to grow further and provide even better services and programs in the future.