

**SENATE BILL No. 2015**

To the Senate:

Pursuant to Article V, Section I, Paragraph 15 of the New Jersey Constitution, I am appending to Senate Bill No. 2015, at the time of my signing it, my statement of items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect.

For the fourth time in five years, the Legislature has passed an income tax increase and this year, in a new twist, has included a 15% corporation business tax ("CBT") surtax as well. The Legislature has included the proposed revenue from these misguided initiatives as an essential component of its Fiscal Year 2015 budget bill. Because the foundation of the Legislature's proposal is unsound, I must object.

As I have said before, I strongly believe that punitively raising taxes on our already overtaxed residents and small business owners is not the answer to the State's short- and long-term fiscal challenges. The Legislature's budget, if enacted, would accomplish nothing more than to repeat the failed, irresponsible, and unsustainable policies that were commonplace in Trenton for years before my administration. Simply stated, I do not accept the premise that we can tax our way to prosperity in this manner. Nor do I accept the notion that either a three-year income tax hike or a one-year CBT surtax is an appropriate tool to resolve a fundamental structural budget imbalance or to address legacy pension and health benefit obligations that reflect decades of underfunding, the irresponsible adoption of unfunded benefit enhancements, and investment under-performance during the first decade of the 2000s.

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

2

Rather than enacting responsible policies that will encourage and allow New Jersey's economy and revenues to grow, the Legislature appears to be intent on inhibiting economic growth with crushing taxes. Imposing vindictive taxes on the businesses and highly productive taxpayers we need here in New Jersey to create jobs and grow our economy will only invite these taxpayers to take rational steps to mitigate their exposure to New Jersey's taxes, diverting jobs and investment activity to other states with lower tax burdens. Instead, we should be appropriately and responsibly lowering taxes for all New Jerseyans to stimulate New Jersey's economy, reduce disincentives to invest and create jobs in New Jersey, and improve our already uncompetitive tax climate. It is this approach, not yet another tax increase, that will allow the State's economy and revenues to grow.

Regrettably, the Legislature has attempted to derail our progress toward making New Jersey more competitive; rather than making hard choices in a responsible manner, it has instead imprudently and inappropriately proposed to raise taxes and included hundreds of millions of dollars in new spending that is unsupported by revenue on hand or anticipated to be received during the course of Fiscal Year 2015. Accordingly, keeping faith with my commitment to New Jerseyans and my constitutional obligation to ensure that the State enters the next fiscal year with a balanced budget, I am compelled to make numerous modifications as reflected herein.

The general appropriations law for Fiscal Year 2015, as modified, that I signed today is consistent with my previous four budgets in that it delivers a balanced State budget while maintaining the fiscal discipline that I promised and delivered during these most difficult and trying economic times. New

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

3

Jersey must have a budget that controls direct State government spending; does not raise taxes on New Jersey families, already among the most heavily taxed citizens in the country; works to improve the State's economic competitiveness; and makes difficult decisions on competing public interests, while continuing to allocate scarce resources to fund the critical programs protecting the most vulnerable of our citizens.

New Jersey has experienced, time and again, the ravages of budgets built on the false premise that, in this competitive national and international economy, any state can increase taxes to support profligate spending with impunity. While others are cutting taxes and fighting to lure both corporations and individuals to their states, the New Jersey Legislature continues to cling to the disproven theory that higher taxes will not chase wealth and investment from the State. I simply do not accept that failed strategy and will not fall victim to the lure of false riches from temporary taxes that will make New Jersey less competitive while increasing the already extreme volatility of our State's revenue base. The Legislature's approach undermines our capacity to engage in rational budget planning that supports the programs and services the citizens of our State need and deserve. Those programs and services protect the State's most vulnerable populations, address needs that cannot wait, and encourage the very growth and prosperity the Legislature is intent on squelching. New Jersey needs permanent, stable solutions to cure its structural fiscal imbalance.

As Governor, I take very seriously my constitutional and statutory responsibilities concerning the State's finances, including: making my annual budget recommendations in February as required by N.J.S.A. 42:27B-20; exercising my line-item,

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

4

conditional, and absolute veto powers over taxing and spending decisions as conferred in Article V, Section 1, Paragraphs 14 and 15 of the New Jersey Constitution; overseeing, through the State Treasurer and the Office of Management and Budget, the fiscal affairs of the State throughout each fiscal year to maintain a balanced budget and ensure expenditures do not exceed revenues; and certifying that total revenues, both on hand and anticipated, will be available to meet appropriations as required by Article VIII, Section 2, Paragraph 2 of the State Constitution. Much deliberation and careful study precede the presentation of my budget recommendations to the Legislature each February.

All of my actions in exercising the fiscal powers and responsibilities conferred upon me by the Constitution and laws of the State are made because I conclude they are in the best interests of the State of New Jersey. I exercise these powers solely in furtherance of the significant responsibilities entrusted to me as Governor of the State of New Jersey, cognizant and respectful of the real effects of my decisions on each and every resident of the State. I likewise respect the broad authority and responsibility of the Legislature to introduce and pass an appropriations law each year reflecting its spending priorities and its absolute ability under the State Constitution to override any or all of the vetoes I have signed today.

It is evident that there exists a fundamental disagreement between the Legislature's strongly held opinion that constantly raising taxes is best for the State and my conviction that incentivizing already overtaxed individuals and businesses to avoid or flee our State is foolish and counterproductive. The framers of the New Jersey Constitution wisely established a

STATE OF NEW JERSEY  
EXECUTIVE DEPARTMENT

5

clear and orderly political process for resolving these sorts of policy disputes concerning the State's finances.

Accordingly, I am appending to Senate Bill No. 2015, at the time of my signing it, my statement of items, or parts thereof, to which I object so that each item, or part thereof, so objected to shall not take effect.

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Respectfully,  
/s/ Chris Christie  
Governor

Attest:

/s/ Christopher S. Porrino  
Chief Counsel to the Governor