



June 10th, 2015

To the New Jersey State Legislature:

We the undersigned write, as members of the Better Choices for New Jersey coalition, urging you to pass a budget that puts the people of New Jersey first. New Jersey's economy is fundamentally out of balance due to five years of failed fiscal policies that have given billions in tax cuts to the state's wealthiest residents and corporations while forcing struggling families to pay the price.

Since January our coalition has made it clear that New Jersey can no longer continue to balance the state budget on the back of working families. And it must stop.

In the past five years less there has been insufficient investment in our schools, to fix our roads and bridges, to ensure access to health care, to provide affordable housing, to protect our environment, and to create good, green jobs. New Jersey residents are paying more in tuition, transit fares, property taxes and fees while getting less for what we pay.

We are on an unsustainable path illustrated, for example, by the rise of poverty in New Jersey, in particular childhood poverty, while the state has raised taxes on the working poor through cuts to EITC and federal SNAP benefits. And the only income bracket to see increases are those top earners of the state. Our state cannot succeed if we continue to hurt those most vulnerable and keep working family wages stagnant.

We have forgone necessary revenue to provide essential state services and meet the state's fiscal obligations. This must stop. The New Jersey Legislature must act decisively with a unified voice to support the people of New Jersey and pass a budget that prioritizes and invests in the true economic engine of our state: our working families. This is necessary for our working families and to put New Jersey back on the path towards economic growth.

Accordingly, the signers of this letter urge the following included in the FY2016 budget:

1. **Reinstatement of the 'millionaire's tax' that sunset in 2010.** We know based on empirical evidence that this provides much needed revenue to the state for use in property tax relief. With unmet pension obligations, underfunded public education, decreased property tax rebates and stagnant municipal aide, we know that we need money for the PTRF. The renewal of this tax would provide approximately \$800 million for these important obligations.

2. **Restore the Earned Income Tax Credit to 25% of the Federal level**, thus providing people living on the edge additional money which in turn goes back into the economy. Rutgers University Professor William Rodgers recently demonstrated that the state weakened its own economic recovery by cutting EITC. We must correct this inequity and restore EITC. The state investment would require approximately \$60 million.
3. **Implement Combined Reporting for corporations located in New Jersey**. This method of tax collection is a standard used by many states, providing the states with tax revenues based on total corporate earnings rather than those just from within the state. It is a fair business practice that produces much needed corporate business tax revenue. Shifting to combined reporting would raise at least \$235 million, and as much as \$470 million, a year.
4. **Reconsider the implementation of the six year corporate tax cut plan**. FY16 will be the sixth year of decreasing taxes on corporations and our CBT revenues are showing the negative impact. We recommend freezing the 6th year of cuts and implementing a CBT surcharge of 25% in the FY16 budget. This would provide a total of over \$700 million (approximately \$665 million from the surcharge and about \$43.5 million from the pausing of the phase-in). Enacting this surcharge in concert with Combined Reporting could generate an additional \$71 million to \$142 million.
5. **Utilize the Legislative authority provided in contracts between the Economic Development (NJEDA) and corporations receiving tax incentives to suspend corporate tax breaks for the FY16 year**. The language in contracts administered by the NJEDA is provided precisely to give the Legislature the authority to determine whether the state can afford to forgo the revenue loss brought about by these incentive programs. Given that we cannot meet basic financial obligations to the people of New Jersey right now, we cannot claim that these tax breaks to large corporations are affordable. Suspending the FY16 tax breaks would bring approximately \$335 million in additional revenue.

We recognize that these measures alone will not solve the full depth of the economic crisis of our state. But we must begin to restore balance to our budget. Every economic indicator suggests that inaction is not an option. We respectfully urge the Legislature to adopt the measures provided here as better choices for New Jersey.

Sincerely,

Abbott Leadership Institute, Rutgers Newark
AFSME
American Humanists Association, South Jersey Chapter
Anti-Poverty Network
Blue Wave NJ
Camden Churches Organized for People
Camden County Humanists NJ Chapter
Center for Family, Community and Social Justice, Princeton
Clean Water Action
College Democrats of New Jersey
Council of New Jersey State College Locals, AFT, AFL-CIO
CWA 1081
CWA District 1

Environment NJ
Episcopal Diocese of Newark, Justice Board
Health Professionals and Allied Employees
Housing and Community Development Network of New Jersey
Hudson Move On
Ironbound Community Corporation
La Casa De Don Pedro
Latino Action Network
Latino Institute
NAACP, Newark Branch
National Association of Social Workers, New Jersey Chapter
National Organization for Women, Northern NJ Chapter
National Organization of Women New Jersey
New Jersey Bad Ass Teachers Association
New Jersey Citizen Action
New Jersey Coalition to End Homelessness
New Jersey Communities United
New Jersey Education Association
New Jersey Policy Perspective
New Jersey State Industrial Council
New Jersey Tenants Association
New Jersey Working Families
Our Children/Our Schools
Parents Unified for Local School Education
Progressive Democrats of America, NJ Chapter
Rutgers AAUP-AFT
Save Our Schools March, New Jersey Chapter
SEIU 32BJ
Sierra Club, New Jersey Chapter
Union of Rutgers Administrators
Zeta Phi Beta Sorority, Inc. State of NJ