

Opinion: As Murphy-Sweeney Budget Maneuvering Approaches, We've Seen It All Before

CARL GOLDEN | DECEMBER 16, 2019 | **OPINION**

Expect déjà vu all over again with neither governor nor Senate president indicating they will enter 2020 in a more cooperative mood



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He won't deliver his fiscal 2020-2021 budget to the Legislature for another 2 ½ months, but Gov. Phil Murphy has already laid down his marker — it will include for the third consecutive year an increase in the tax on incomes in excess of \$1 million a year.

His two previous attempts at securing the millionaires tax failed and whether the third time will be a charm is highly problematic.

Seemingly unconcerned and undeterred, Murphy upped the ante by pledging that another legislative defeat merely means he will redouble his efforts and pursue the tax increase “until we get it.”

Senate President Steve Sweeney (D-Gloucester) who faced the governor down on the two prior efforts hasn't responded to the governor's latest announcement, but there is no reason to believe he's changed his mind.

Sweeney hasn't budged from his position that the state's people are overtaxed — even millionaires — and that it is government's obligation to implement spending and programmatic reforms rather than seek new revenue sources.

Looking for restoration in sales tax

Murphy also indicated he will seek to restore the state sales tax to 7% from the current 6.62%, criticizing the reduction as a gimmick, a public relations charade enacted to provide legislators with a self-described tax cutter talking point.

The reduction, the governor has contended, was a meaningless gesture, saving consumers pennies while depriving the state of crucial revenue.

The governor's tax-increase promise tees up another eyeball-to-eyeball confrontation with Sweeney and Assembly Speaker Craig Coughlin (D-Middlesex) and raises the prospect of budget deliberations reaching the 11th hour with the potential for a government shutdown if neither side relents.

Sweeney has emerged the victor in the last two budget cycles, forcing Murphy to back off his demands out of concern for bringing public wrath down on his administration for shuttering state offices and public parks a few days before the July Fourth holiday and furloughing thousands of state employees.

Presumably, Murphy has learned that blame for a government shutdown falls almost entirely on the governor's office rather than on the Legislature, an acknowledgement that when push comes to shove, Sweeney holds the more powerful leverage.

To support his position, Murphy is fond of quoting numerous opinion polls showing overwhelming public favor for taxing the wealthy. High income earners, he insists, should pay their fair share at a time when the state faces critical needs in school aid, transportation and public employee benefits.

It is, he says, a matter of "tax fairness and investing in the middle class," while providing property tax relief.

No more persuasive today than in past

His arguments swayed neither Sweeney nor Coughlin in the past and they are no more persuasive today than they were then.

Further attempts to win hearts and minds through rhetoric are futile, little more than two antagonists locked into position and talking past each other.

Only serious across the table from one another negotiations can break the stalemate and, if history is any indicator, chances of that are dim.

Neither Sweeney nor Murphy seem inclined to make the first move, to offer concessions in return for concessions. Common ground appears unattainable and Murphy seems destined to continue his Captain Ahab-like pursuit "until we get it."

The confrontation is yet another episode in the running skirmishes which have dominated executive-legislative relations — political and policy — for the past two years.

Sweeney has wielded the power of his Senate presidency effectively, stoutly asserting legislative prerogatives and reestablishing the coequal status of the chamber he leads. He and Coughlin have formed a partnership, unifying their respective caucuses on major issues and holding firm against what they believe are executive overreaches.

While the budget debate will dominate the 2020 legislative session, the political dynamic at play will never be far from the minds of legislators.

Conflict over business tax incentives

For example, yet to be resolved are the significant differences between the Legislature and the governor over renewing and extending the state's business tax incentive program — an issue steeped in controversy, accusations of political favoritism and official misbehavior.

It has generated bitter exchanges between Sweeney and the governor and further inflamed the conflict involving the administration and South Jersey political figure George Norcross who, it is alleged, benefited along with personal and business associates from tax incentives granted by the Economic Development Authority. The issue and the animosity it has engendered will likely spill over into the budget debate.

While the impending and increasingly rancorous contest for the Democratic State Committee chairmanship has no direct impact on the budget, it has further divided the party and, even after it is decided, hard feelings will linger.

As the budget deliberations unfold, Sweeney will continue to insist on spending reforms, notably a dramatic overhaul of the public employee pension and benefits system, a step Murphy has resisted; he will likely continue to stand with employee unions in opposition to changes and in support of tax increases.

If it all seems like a rerun of a film everyone has seen before, it is. And, at its conclusion, when the credits roll, taxpayers and voters can decide for themselves who the stars are.



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