

Carl Golden / N.J. politicians now competing to be seen as tax-cutters - pressofAtlanticCity.com: Commentary

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Clear

While the tentative detente between Gov. Chris Christie and Senate President Steve Sweeney over a tax cut may strike some as bipartisanship at its finest, it really is a cold-eyed recognition that entering the 2013 gubernatorial and legislative campaign promising property tax relief rather than delivering it will invite serious voter backlash.

Less than a month ago, the Democratic legislative leadership ripped into Christie's call for a 10 per cent cut in state income tax rates, denouncing it as a bonanza for the rich and table scraps for the middle class. Lawmakers vowed to offer their own plan to address what they said is the genuine burden on homeowners - the property tax.



With the average property tax bill approaching \$8,000 a year - the highest in the nation - Democrats argued that it, not the income tax, is to blame for stifling economic growth and undermining efforts to attract businesses and create jobs.

When Sweeney rolled out his party's program - a phased-in tax credit scheme to allow homeowners with incomes under \$250,000 to take 10 per cent of their property tax bill as a credit against their income tax - Christie immediately glommed onto it, suggesting that he and Sweeney were on the same page and his tax cut idea was, at its core, the same as the Senate president's.

Sweeney, D-Salem, Gloucester, Cumberland, reacted as if he'd caught the governor poaching game in his backyard. The two proposals, he said, are competing ones rather than complementary ones. He reiterated his contention that the Republican governor's plan lopsidedly favors the wealthy and addresses the wrong tax, while his provides broad property-tax relief to middle-class families. The only similarity, he said, was its' roughly \$1 billion cost when fully implemented.

At the same time, Assembly Democrats offered up a different plan, providing for a tax credit similar to Sweeney's, but financing part of it by reinstating the surtax on the wealthy - the so-called millionaires' tax.

Why Senate and Assembly Democrats failed to unite behind one idea isn't clear, but the point of divergence is the millionaires' tax.

By clinging to its reinstatement, Assembly Democrats are fighting the last war. The outcome will be the same: They'll lose.

Their strategy plays into Christie's hands, teeing up his argument that Democrats are obstructionists, willing to block relief of any kind because they want to increase taxes. He will portray himself as a tax-cutter and Democrats as tax-raisers. He will repeatedly pound them as the party that killed tax relief. It is an argument the Democrats cannot win.

Sweeney conceded as much when he said he did not include the millionaires' tax in his proposal because it is his goal to enact a tax cut this year and the surtax idea would torpedo the effort. Christie, he pointed out, has already vetoed the surtax twice and has pledged to do it again.

Implicit in his comments is that any effort Democrats make to use a veto of the millionaires' tax as a campaign issue will fail. Christie will have the more persuasive argument on his side - namely, that he fought to cut taxes while his

legislative opponents fought to raise them.

There is a certain parallel between the governor's position and the strategy employed by President Barack Obama to force Congressional Republicans into approving extension of the federal payroll tax holiday with the argument that failure to do so would amount to a tax increase for working Americans.

Just as Obama maneuvered Republicans into an untenable position, so will Christie Democrats approve a millionaires' tax.

By embracing the concept behind the Sweeney proposal and leaving the details to later negotiations, Christie has portrayed himself as a reasonable person willing to compromise and engage in political give-and-take to achieve a greater goal.

Sweeney understands the political benefit that will accrue to the Democratic Party if it produces tax relief its candidates can campaign on and if it convinces voters that helping overburdened and economically hurting middle class New Jerseyans is the Democrats' first concern.

His strategy is imperiled, though, by his Assembly colleagues' demands for reinstating the millionaires' tax. Will he be able to convince them that their opportunity to reap credit for tax relief is jeopardized by their position and that the governor will be the ultimate winner in any showdown?

Sweeney acknowledges that in poll after poll the surtax reinstatement enjoys broad public support. But he also acknowledges that the public's desire for property tax relief outweighs its desire for taxing the wealthy. The Christie-Sweeney nuptials may be a shotgun wedding, but both realize that walking down the aisle together is preferable to walking the plank together.

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