
GOLDEN: Amid dispute, tax cut proposal revenue report is key

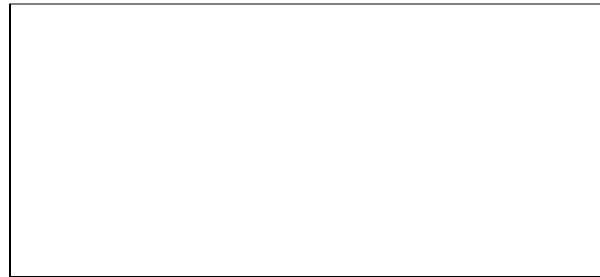
As Gov. Chris Christie and the Democratic legislative leadership take to the road to promote their competing versions of tax cut proposals, a new memo from the Office of Legislative Services suggests their respective persuasive powers might not matter much because the state won't be able to afford them.

According to the memo, April revenues from the personal income tax and the corporate tax fell below projections,

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have proposed differing plans to offer tax credits tied to property taxes, but capping income eligibility at \$250,000.

Christie's plan and the legislative plan would be phased in over three years, and each would cost \$1 billion, give or take,





The differing plans proposed by Sweeney and Greenwald gave the governor an opportunity to drive a wedge between the two Democrats and the two houses of the Legislature. He scathingly dismissed Greenwald's proposal and aligned himself with Sweeney to a point at which he suggested his and the Senate president's ideas were much the same, a conclusion Sweeney said was greatly overstated.

One of the more intriguing elements in the debate is why the Democratic leaders did not unite behind a single proposal, clearing the way for their majorities to approve it, send it to the governor and claim victory.

Reinstatement of the millionaire's tax is clearly the deal breaker, a point conceded by Sweeney when he did not include it in his plan and said abandoning it recognized the political reality that it would draw a gubernatorial veto.

By establishing a tax cut as the centerpiece of his administration's agenda, Christie has taken something of a gamble on his growth rate prediction and the subsequent ability of the state budget to cover the loss.

If revenues fall considerably short and place tax cuts in jeopardy, Democrats will be able to abandon their plans and blame the governor for miscalculating revenue

will jockey for advantage.

While it normally operates in the background, OLS may wind up playing a central and very public role in the outcome of tax cut efforts.

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growth and misleading people into believing a tax cut was possible and likely.

Lurking in the background is the 2013 gubernatorial and legislative election. As the tax cut debate plays out, both parties

