



**SOUTHERN
NEW JERSEY
DEVELOPMENT
COUNCIL**

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July 2011

**Legislative
Dispatch**



3,700 SQUARE MILES OF OPPORTUNITY

President, Marlene Z. Asselta
Chairman, Jeff DuBois, (South Jersey Gas)

Legislative Summary

"This budget is not only constitutionally balanced, but represents my commitment to education. This year's budget managed to increase funding by \$850 million and does so in a fiscally prudent budget. New Jersey continues to spend more money per pupil than any other state and now is the time to complement the dollars spent with real education reform. Now is the time to turn our focus and energy to tackling the next big thing for our state - education reform," concluded Governor Christie.

The Governor's remedies ensure the state will go into the next fiscal year with a constitutionally balanced budget and puts New Jersey on stronger fiscal footing and funds key commitments:

* Governor Christie's adjusted budget spends \$29.7 billion, \$900 million less than the Democratic budget and maintains a healthy and necessary surplus;

* Increases state aid to school districts by \$850 million over last year. This commitment to education includes the Governor's initial \$250 million increase for all school districts, meeting the Supreme Court's mandate by providing an additional \$450 million to the Abbott districts, and an additional \$150 million for non-Abbott districts;

* Doubles the Homestead Benefit to provide property tax relief for New Jersey families;

* Increases and secures funding for New Jersey hospitals by \$20 million;

* Provides full funding for healthcare to low-income earners and the uninsured through Federally Qualified Health Centers;

* Provides \$180 million in targeted tax cuts and incentives to grow the economy and create jobs;

* Fulfills New Jersey's commitment to make the state's pension fund payment;

* Doesn't raise taxes on individuals and job creators and

* Preserves critical spending for senior and disabled prescription aid.

The bill passed both the Senate and Assembly and was sent to the Governor. On June 30, 2011 the Governor signed the measure into law - P.L. 2011 c.85.



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From The Governor's Desk

Effort to Avert Unemployment Insurance Tax Hike Signed into Law

Legislation to avert a massive unemployment insurance (UI) tax increase was easily approved by both houses of the Legislature. Senate approval came on June 9th with a vote of 37-0, while the Assembly approved the measure on May 9th by a vote of 76-0. The bill, A3819 Egan (D-17)/ S2730 Madden, (D-4), puts in motion two reforms suggested by the statutorily established UI Task Force.

First, the bill would provide a graduated three-year phase-in to cover the automatic employer tax increases resulting from the fact that the UI fund is insolvent. Employer UI tax rates are largely determined by a statutorily established five-column tax table. When the UI trust fund is healthy and its reserves are high, the lower tax rates in column A take effect. When fund reserves fall, there is a shift to the higher columns and tax rates. Without action, in July 2011 employers will face an automatic shift from column C to the highest tax rate of column E + 10 percent, resulting in a tax increase of approximately \$300 per employee.

However, under A3819/S2730, the shift from the current column C to E+10 would occur over three years. What this means is that employers will see a tax increase this year of approximately \$100 per employee this year as opposed to \$300.

Second, the legislation would also set the UI tax rates in such a manner that larger reserves are required in the UI Trust Fund than under the current law before employer UI taxes are reduced or increased. In layman's terms this basically widens the columns in the UI tax table so it won't be as easy for employers to jump from columns A to E.

The bill passed both the Senate and Assembly and was sent to the Governor. On June 29, 2011 the Governor signed the measure into law - P.L. 2011 c.81.

Governor Christie Signs Legislation to Reduce Tax Burden on New Jersey Workers

Acting again on his commitment to reduce taxes for hardworking New Jerseyans, Governor Chris Christie signed legislation that would provide for reductions in worker taxes paid into the State disability benefits fund, lowering the amount of payroll taxes deducted from many New Jerseyans' paychecks. The bill, S2609 Turner (D-15)/ A3792 Milam (D-1), revises the



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methodology for funding the State's temporary disability benefits system by replacing the current flat tax rate of one-half of one percent (0.5%) on each worker's taxable wage base. This revised funding system takes effect on January 1, 2012 and will result in a payroll tax reduction for New Jersey workers covered under either the State temporary disability benefits plan or an approved private plan. The move responsibly decreases the overall tax burden on New Jersey residents without jeopardizing the health of the Temporary Disability Fund (TDI).

The bill passed both the Senate and Assembly and was sent to the Governor. On July 1, 2011 the Governor signed the measure into law - P.L. 2011 c.81.

In the News

Legislation to Move the Presidential Primary to June Moves Forward

Legislation sponsored by Senator Donald Norcross (D-5) to return the date of the presidential primary election from February back to June, saving millions of dollars in elections-related costs, was approved on June 29, 2011 by both the Senate and Assembly.

The bill would eliminate the separate presidential primary election held in February and require, instead, that it be held during the regular June primary election, as it was prior to 2005. The move would save approximately \$11 million in FY12, according to the Office of Legislative Services.

"Moving the presidential primary to February did not give New Jersey the Election Day advantage that was expected. When two dozen other states also decided to hold early primaries, we once again found ourselves in the middle of the pack. In the end, we paid millions of dollars for a move that would ultimately be rendered moot," said Senator Norcross. "By returning our presidential primary to the traditional June date, we will save an estimated \$12 million in taxpayer funding and likely wield the same influence as we did in the last presidential race."

In 2005, state law was changed to establish a separate presidential primary election in February, so that New Jersey could play a larger role in determining the outcome of the nomination process. Despite the move, New Jersey was ultimately among 25 states that held their primaries in February during the 2008 presidential election. The cost of the separate election was \$11.8 million.

The bill will result in elections-related cost savings in primarily two areas: the expenses of the counties and municipalities that administer the election and the salaries of poll workers conducting the election. Specifically, reductions would be realized in the costs for ballot printing and postage, processing, legal advertising,



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polling place rental and voting machine delivery. The cost of poll workers' salaries, which are divided between the counties and the state, with the counties paying \$75 of each poll worker's salary and the state paying \$125 of each worker's salary - would also be eliminated.

The bill passed both the Senate and Assembly on June 29, 2011 and was sent to the Governor where it awaits further action.