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N.J. state revenue to grow by more than \$1B next year, non-partisan agency says

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By **Jarrett Renshaw/Statehouse Bureau**

TRENTON — Though unemployment remains high and the economic recovery slow, state revenue will likely beat initial estimates for the current budget and is expected to grow by more than \$1 billion for the fiscal year that begins July 1, according the Office of Legislative Services.

"It appears the nation and the state are being spared the revenue shocks that marked the past seven years," David Rosen, legislative budget officer with the nonpartisan OLS, told the Senate Budget Committee today.

Rosen said his revenue projections are essentially in line with Gov. Christie's proposed \$29.4 billion budget.

While Rosen and Christie agree the current budget is faring better than estimates made when the spending plan passed last June, the OLS budget officer believes the governor's revised estimates are a bit high.

He predicted the state would take in about \$72 million less than what Christie now estimates for the current budget year, a difference of about one-third of one percent.

He stressed, however, that the current year budget will not require "mid-year emergency surgery."

For the budget that begins July 1, revenue is expected to grow by about \$1.1 billion, enough to cover losses in federal stimulus dollars and to offer \$200 million in tax breaks Christie has proposed, Rosen said. He expects the state to take in about \$53 million less than



Ed Murray/The Star-Ledger

Gov. Chris Christie expects revenue to grow next year by about \$1.1 billion, which will be enough to cover losses in federal stimulus dollars and about \$100 million in proposed tax cuts.

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what Christie now predicts.

Despite the overall growth, revenue levels are still nearly \$4 billion behind 2008 levels, Rosen noted.

Rosen cautioned that there are factors that could upend the budget, such as a highly-anticipated ruling from the state Supreme Court that could force more spending on schools or possible federal budget cuts that could affect the state.

Another question mark is Christie's plan to overhaul Medicaid and save \$300 million. Christie wants a waiver from the federal government, but he has yet to publicly explain his changes.

"We've asked questions, but we got nothing," Rosen said.

sudden postponement

State Treasurer Andrew P. Sidamon-Eristoff was also expected to speak before the committee, but chairman Paul Sarlo (D-Bergen) postponed the testimony so he and state Sen. Kevin O'Toole (R-Essex) could attend a legislative redistricting meeting.

The abrupt postponement sparked a brief but heated argument between Sarlo and state Sen. Anthony Bucco (R-Morris).

"This is ridiculous," Bucco told Sarlo just minutes after the hearing was postponed. "There is something wrong with this type of politics."

Sarlo told Bucco that he "wasn't going to fight in front of the press" and said he had the authority to postpone the hearing.

Christie spokesman Michael Drewniak said Sidamon-Eristoff was prepared to speak.

"It's pretty unusual," Drewniak said in an e-mail. "I guess Senator Sarlo's okay with the treasurer 'premiering' his budget testimony before the lower house's budget committee." The Assembly budget panel will hear from the treasurer today.

tax hike for the rich?

During the hearing, lawmakers squabbled over whether the state should raise income taxes on millionaires. Democrats say raising the top rate could generate about \$600 million for property tax relief. Republicans say it would drive wealthy residents out of the state and hurt revenue and commerce.

Republicans said from 2008 to 2009, the number of New Jerseyans who earned more than \$1 million

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dropped 25 percent to 12,176. While acknowledging the bad economy was a culprit, they said the wealthy are seeking tax refuge in other states. Democrats said the cost of relocating dissuades many from moving.

Rosen said there are studies supporting both arguments, but urged lawmakers to seek one that is specific to New Jersey.

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