



AMERICANS FOR TAX REFORM

LEGISLATIVE ALERT

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No Need To Raise Taxes, Just Stop The Spending

After repeated calls for fiscal responsibility, Governor McGreevey's rhetoric does not match up with his actions. The Governor has been talking about "tough decisions," now, however, as the budget deadline approaches it is abundantly clear that he just wants to tax and spend without making any of these tough decisions. In fact, McGreevey has proposed a number of tax increases, guised it as a way to cover a budget shortfall, yet in reality has proposed a 10 percent increase of new spending (\$2 billion).

The Americans for Tax Reform (ATR) vehemently oppose each tax increase proposal AND the \$2 billion increase in spending.

As a starting point, the largest component of the tax package is a massive corporation business tax increase, which creates a whole new tax, adds new forms of double taxation on corporations and will slow the state's economic recovery by freezing capital investment and job creation. This is not "loophole closing," but rather, new taxes used to extract more money from consumers and businesses to finance a larger government. In addition, ATR has reviewed the amendments put forward by the Democrats earlier today and we oppose them as well. These amendments just water down the creation of new taxes and does nothing to address the massive overspending put forth by the McGreevey Administration.

Second, McGreevey is proposing to increase the amount of taxes paid upon death. While the federal government has moved to eliminate this onerous and unfair tax, McGreevey wants to increase it. Families should not have to worry about the government reaching into their pockets when they are grieving the loss of a loved one. Furthermore, due to the enormous tax bill that arrives upon death of their elders, 70 percent of family businesses do not survive the second generation and 87 percent do not get passed onto a third generation. The Death Tax also has reduced the standard of living for all Americans, especially the very people that wealth redistribution was intended to aid, by reducing economic growth. Finally, by forcing landowners to sell their property just to pay the Death Tax bill exacerbates suburban sprawl, a huge problem in the Garden State.

Third, the taxes on cigarettes and other tobacco products will yield very little revenue. After former Governor Whitman raised the cigarette tax, the state did not receive nearly the money policymakers expected. In fact, expect New Jersey smokers to move across borders to purchase cigarettes, thus leaving the state with possibility of having less money than prior to the tax increase.

Finally, this budget has failed priorities. At of one end of the Governor's mouth he is saying he is facing a tremendous budget shortfall. Yet, on the other end of his mouth, he is increasing spending to build a Newark Arena, which subsidizes George Steinbrenner at the expense of taxpayers. This is wrong and this must be stopped.

Jim McGreevey promised New Jersey resident he would not raise taxes. However, he has misled the public and fellow lawmakers crying the blues about the size of the budget deficit. If it really is that large how can he propose \$2 billion of new spending?