

OPINION: BAD BLOOD — SWEENEY TAKES A STAKE TO MURPHY'S AGENDA

CARL GOLDEN | JANUARY 23, 2018

What was behind Senate President's Fox News bombshell that he plans to block the millionaires tax and possibly dig into the state's entire property-tax structure?



Carl Golden

Senate President Steve Sweeney (D-Gloucester) appeared on a Fox News Channel show last week and drove a stake through the heart of the major component of Gov. Phil Murphy's legislative agenda.

In response to a question from the show's host, Sweeney at first reiterated his belief that, in light of the federal cap on allowable deductions for state and local taxes, the prudent move for New Jersey would be a delay in considering the governor's proposal to increase taxes on incomes over \$1 million.

He then went a giant step further, declaring that he had assembled a panel of budget and tax experts to study the state's entire tax structure, not merely the impact of an increase on the wealthy, to determine its fairness and whether it is achieving its stated policy goals.

He referenced the local property-tax system in his remarks, pointing out that the \$8,549 per year average was the highest in the nation, and suggesting it, too, should be included in a comprehensive study of the state's tax system.

He said he believed government took in sufficient tax revenue and that the task for the administration and the Legislature was to ensure it was being spent wisely.

It was positively Reaganesque! Remember the Reagan drumbeat: Government doesn't have a revenue problem; it has a spending problem.

Sweeney channels his inner Reagan

Sweeney, it appeared, got in touch with his inner Reagan and, in the process, broke sharply with Democratic Party orthodoxy that there is no problem that can't be solved by throwing more money at it.

In addressing the prospects for approval of the millionaires tax, Sweeney drew a cause-and-effect connection between increased taxes and wealthy New Jerseyans leaving the state and settling in friendlier locales. A 2016 study by the New Jersey Business & Industry Association concluded among its findings that outmigration resulted in substantial economic loss to the state and that government should address revisions to its tax policies to help stem the exodus.

It was the same argument Democrats — including Sweeney — rejected when it was made by former Gov. Chris Christie in his five vetoes of the tax increase. The evidence to support the contention was anecdotal rather than empirical, the Democrats claimed, and was, therefore, unreliable.

Asked if he had consulted the governor about the study commission and its apparently broad mandate, Sweeney waffled a bit, asserting that Murphy was aware of his concerns and those of his colleagues who shared them.

Translation: No.

The Trenton tea-leaf readers construed Sweeney's more aggressive posture as a muscle-flexing exercise, a shot across the bow of the USS Murphy, and a reminder that success can be achieved only through negotiation, compromise, accommodation, and power sharing.

The ink is barely dry on Murphy's oath of office and stress fractures between the governor and the Senate President have become more pronounced.

Sweeney: smart and smarting

Sweeney is still smarting from Murphy's refusal to instruct the New Jersey Education Association — a major Murphy supporter — to temper its \$5 million campaign assault on the senator, forcing him to raise and spend significant sums on his campaign rather than direct some of it toward other legislative districts to assist Democratic candidates in competitive contests.

He may still be annoyed at the campaign head butting, but he's absolutely seething over Murphy's refusal to publicly support lame-duck legislation to provide a \$300 million ratepayer subsidy to Public Service Electric & Gas to avoid what the company insisted was a potential shutdown of its nuclear generating facilities in Salem County.

The plants are in Sweeney's district and a major employer in the region. The senator was deeply invested in securing approval for the subsidy, only to see the legislation fail after the Assembly refused to consider it and Murphy refused to endorse it.

It was vigorously opposed by environmental groups — another strong supporter of the Murphy campaign — and the governor-elect's silence on the issue was considered a response to pressure from those groups.

The legislation's defeat further strained the already frayed relationship between Murphy and Sweeney and bodes ill for the fate of the governor's ambitious agenda.

In addition to the delay in action on the millionaires tax, Democratic opposition has surfaced to the proposal for the legalization of marijuana and acting to increase the minimum wage to \$15 per hour is apparently off until some undefined later point.

These three proposals were the foundation of the Murphy campaign and expectations were high that the first 100 days of his administration would be marked by achieving them all.

If, for instance, the study proposed by Sweeney includes the entire state and local tax structure and spending — as he seemed to suggest — it would take months to complete, raising the prospect of a lengthy delay in any action on increasing taxes.

That the campaign's expectations were unrealistic was obscured by the euphoria of a decisive electoral victory. It overlooked the need as well to deal with the political pressures and the legislative demands which exert ultimate control over the outcome of the Administration's agenda.

Sweeney's interview on Fox and his exceptionally candid comments were calculated to restore a sense of reality to the air of optimism — misplaced though it may be - in the Statehouse.

His position does not foreclose totally the potential for a tax increase on the wealthy at some point, but it deals a significant blow to the future of what was arguably the keystone issue in Murphy's campaign.

Even Dracula recovered from a stake through the heart to rise again in the dead of night.

Carl Golden served as press secretary for Republican Gov. Thomas Kean for eight years and as communications director for Republican Gov. Christie Whitman for three years. He is currently a senior contributing analyst with the William J. Hughes Center for Public Policy at Stockton University.

ALL RIGHTS RESERVED ©2018 NJSPOTLIGHT