

## Look for possible middle ground in Murphy's budget, Sweeney's reaction, says Carl Golden

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A sizeable portion of legislation that eventually is enshrined in law is produced by the middle ground, that destination occupied by those with contrary points of view on public policy and willing to modify those views in the interest of a larger cause.

Middle ground also offers the principals involved an opportunity to save face and portray their actions as bipartisanship, rising above crass political considerations and pressures.

Call it what you will — compromise, accommodation, common ground — an effective and productive legislative process demands it.

The theory will be tested next week when Gov. Phil Murphy submits his administration's first budget to the Legislature, including an income tax increase on the wealthy.

Murphy chose his speech to the New Jersey Chamber of Commerce dinner audience of business leaders, federal and state legislators and lobbyists in Washington, D.C., to challenge Senate President Steve Sweeney, D-Gloucester, and Assembly Speaker Craig Coughlin, D-Middlesex, both of whom have been outspoken in opposition to the increase.

In his campaign, Murphy estimated a \$600 million windfall would be allocated to the formula for aid to local school districts. Presumably, his budget will provide additional details.

Both Sweeney and Coughlin expressed their concerns over an increase in light of the federal tax reform/tax cut law imposing a cap of \$10,000 as an allowable deduction for state and local taxes.

Sweeney established a panel of tax and fiscal experts to examine the state's entire tax structure to determine its fairness and whether the money is being spent wisely.

He retreated slightly from his promise to "blow everything up," but remains committed to blocking any tax increase until the study is completed.

Coughlin echoed his counterpart's views and their shared worry that the wealthy would leave the state if confronted with an additional financial blow atop the federal law. (The top one percent of taxpayers already provide more than a third of gross income tax revenue.)

Murphy, though, is undeterred, arguing that his proposal would restore equity to the state's tax structure, reduce local property taxes and benefit the middle class.

Middle ground appears elusive.

In a slight concession, Murphy said he was open to a temporary increase which could be repealed when the administration is satisfied that economic growth is genuine, lasting and generating additional tax revenue.

It's doubtful that Sweeney will be swayed by a promise of repeal at some point in the next four years. History has shown that once revenue begins flowing into the treasury, weaning government off it is a near impossibility.

Scarcely below the surface of the fiscal and public policy implications lurks the political undertone — a power struggle between Sweeney and Murphy.

To the political establishment, the contest between them is far more intriguing than a tax policy debate and its outcome holds greater long-term impact.

If, for instance, middle ground isn't reached and one of Murphy's signature campaign pledges goes unfulfilled, Sweeney's stature and power will be enhanced and his influence over the remainder of the governor's agenda will be strengthened.

Murphy is not without resources, however. As perhaps the most constitutionally powerful governor in the nation, he alone decides on thousands of appointments and nominations. He can reward legislators by signing their bills, approving and delivering grants to their districts, making public appearances in their behalf, and generally being a friend.

He will benefit also from a belief among Democratic legislators that he deserves loyalty and support at this early stage and who worry that a public display of party disunity is decidedly unhelpful.

The Sweeney-Murphy relationship is not a particularly warm one, dating back to the 2017 election campaign when the New Jersey Education Association — a strong Murphy supporter — spent some \$5 million scorching the Senate president personally and politically while Murphy remained largely silent.

Sweeney is a tough negotiator and in a position to deal on relatively equal terms with Murphy over the fate of the millionaire's tax.

Having already characterized any tax increase as "an absolute last resort," Sweeney has left himself little wiggle room but enough, perhaps, to convince the governor to accept concessions beyond his temporary tax suggestion.

Sweeney's reaction in the immediate aftermath of the governor's speech will be closely watched and his words carefully parsed in search of glimmers of compromise.

The middle ground has been effective in the past, provided it doesn't crumble beneath the feet of those standing on it.

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