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## COLUMNIST

# Murphy Unlocks the Nuclear Launch Codes

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Skipping over the preliminaries – meetings, discussions, negotiations or compromises with legislative leaders – Gov. Phil Murphy went directly to the nuclear option— shutting down state government on July 1 if the Legislature sends him a fiscal 2024 budget that includes extending the corporate tax surcharge to finance a new broad property tax reduction program targeted at senior citizens.

Within 24 hours of Senate President Nick Scutari's (D-Union) favorable comments in support of a proposal floated by Assembly Speaker Craig Coughlin (D-Middlesex) to target property tax relief to senior citizens, the Murphy Administration – in a rare public outburst of intra-party disagreement – dared the leaders to move ahead against his wishes and risk bringing state government to a halt.

In a stern “don't call my bluff” warning, the governor said he would veto any budget provisions to continue the five-year-old surcharge and if the Legislature failed to agree by the July 1 constitutional deadline for a new spending plan, government operations would come to a halt.

Driving home his seriousness, Murphy said he's already ordered contingency plans drawn up for a government shutdown while continuing to provide essential services.

The 2.5 percent surcharge on businesses with over \$1 million a year in taxable income will expire at the end of this year and Murphy has made it clear that he stands firm in his view that when it was enacted in 2018 a specific sunset provision was included and government is obligated to abide by it.

Its' expiration is estimated to result in a loss of \$332 million for the remainder of the current fiscal year and \$1 billion by fiscal 2025.

While details of Coughlin's plan are scarce, Murphy criticized it as unfair by singling out a segment of property owners – senior citizens – regardless of financial circumstances and without means testing.

Moreover, the governor has questioned the wisdom of enacting a major multi-billion dollar program at a time of economic uncertainty. Any downturn or revenue loss in the outyears will likely result in scaling back or eliminating the relief program.

Coughlin is expected to outline his proposal – named StayNJ – with greater specificity next week, but the governor's swift and hardline response suggests he'll not be satisfied with anything short of abandoning the idea entirely.

Neither Coughlin nor Scutari has shown any inclination to back down and it's unclear whether they can marshal support of their colleagues in light of the governor's threat of a veto and government shutdown.

Legislative deliberations of the governor's proposed \$53 billion budget are entering their final month and hard bargaining lies ahead over spending priorities. If he stands by it and forces a confrontation with the Administration, Coughlin's tax relief proposal will make the bargaining even more difficult.

The political stakes are high as well. An eyeball to eyeball stare down between legislative Democrats and a Democratic governor in a year when all 120 seats are at issue would force incumbents and challengers to choose between a chief executive in the final two and one-half years of his term and their party leadership intent on maintaining and building upon their majorities and paving the way to hold the governor's office in 2025.

Murphy has been under pressure, primarily from progressive groups and interests, to extend the surcharge – not necessarily to fund Coughlin's recommendation but to allocate to a variety of other new or expanded programs.

At the same time, the state's business community has urged Murphy to meet his commitment to allow the surcharge to expire, arguing that the additional tax burden will discourage growth and expansion and stunt job opportunities.

New Jersey's corporate business tax is already the highest in the nation, they argue, and has placed it at a serious competitive disadvantage with neighboring states.

Murphy has very publicly drawn a deep line in the sand and compromise appears out of the question.

He recognizes that at nearly six years in, his term is approaching a close but his constitutional power and authority and whatever political capital he still holds remain. Lame duck status beckons him, but he'll not go quietly into that good territory.

He's willing to exercise all at his disposal, even to the point of bringing government to a halt for only the third time in history.

If a resolution remains elusive, Murphy will certainly be compared to his predecessor who presided over a shutdown in 2017, leading to one of the most embarrassing and enduring political blunders in history – a photo of former Gov. Chris Christie lounging on the beach with his family and friends while other state administered beaches were closed to the public.

In the potential test of wills between Murphy and the Legislature, the governor would be wise to draw lines in the sand rather than risk being discovered wiggling his toes in it.

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