

Predictions for N.J.: Trenton insiders tell ROI-NJ their expectations for 2019

By Anjalee Khemlani
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Political and business analysts are confident about two things in 2019: Bills to increase the minimum wage to \$15 an hour and to legalize recreational use of marijuana will reach Gov. Phil Murphy's desk. Just when isn't as certain. Most feel a minimum wage bill will happen in the first quarter of the year and that marijuana legalization will come later.

If this sounds as if we are making predictions, it's because we are. Here are a few other expert predictions or observations for what may come out of Trenton next year:

Tom Bracken
President
New Jersey Chamber of Commerce

There are questions about over what period of time and what the exemptions are for the \$15 wage, but it will be good to get that finally resolved. It needs to get done and it needs to get done the right way. On marijuana, that is going to be an interesting debate. If I'm guessing, I think it will get done, but it won't be an easy pass, because there is so much opposition. There is opposition over paying for it and how you go about distributing it. I think, from being around Trenton, there's a little bit more momentum to get it done than not, but something is definitely going to happen in 2019.

On the tax situation: More increases would be the kiss of death. We do not need any more taxes, at all. We can't keep doing this. That is where we are. It is time to move on. We created the fair economy, and we need to create a strong economy. It is going to get harder to do that, especially if any new taxes are implemented. Just the sheer statement (by Murphy) was a real detriment to our

ability to turn the state around from the standpoint of a more vibrant economy. We are so much of an outlier with regard to taxes ... you can't be the highest with taxes and expect economic recovery. They are just polar opposites.

It's really time to focus on business. We have to focus on how we are going to grow the economy. We are being outpaced by our peer states and our neighboring states. People are leaving in droves. Even if there is a lot of denial on that, if you talk to accountants or anybody who does any wealth management planning, they will tell you people are leaving in droves.

Ben Dworkin

Founding director

Institute for Public Policy & Citizenship, Rowan University

The Murphy administration is no longer a rookie administration. They have a year under their belt and have been through a budget process. They see mistakes they made in their first year and are looking to correct them, which means in part they will be more assertive with the Legislature. That will lead to more public airing of tensions between these two branches of government.

The biggest issue with the budget is the revenue. If it's there, it solves lots of problems. But if we continue with a falling stock market, it dramatically affects the bonuses and incomes of New Jerseyans. The Murphy administration has a bold progressive agenda, but new taxes are probably going to be a nonstarter for the Legislature. That revenue is going to be dependent on state of the national economy and the state of Wall Street – that's going to be a huge deal.

John Froonjian

Senior research associate

Hughes Center for Public Policy, Stockton University

Legalized sports betting continues to grow since its June 2018 inception, with impressive revenue numbers generated during the NFL season. Will proposed federal legislation aimed at regulating the fledgling industry put a damper on New Jersey action? Could it hurt the resurgence finally evident in Atlantic City?

In what way will New Jersey ultimately generate energy in the waters off its coast? The state is emphasizing renewable energy and offshore wind turbines. But the (President Donald) Trump administration wants to allow seismic testing in East Coast waters, a first step toward authorizing oil and gas drilling in the Atlantic Ocean. The state joined a federal lawsuit to block the testing.

We have seen that unified control of government in Washington does not necessarily translate into effective governance. Will rivalries between Gov. Phil Murphy and Senate President Steve Sweeney prevent the Democrats in charge of New Jersey's executive and legislative branches from enacting a unified agenda?

Brigid Harrison

Professor of political science and law

Montclair State University

This year will be a year of reckoning when it comes to the budget. I expect a bit of a showdown between Senate President Steve Sweeney and Gov. Phil Murphy. The tensions that were there have become even more fraught, and the camps have essentially moved further apart than they were six months ago. That will be an increasingly tense battle moving forward.

Pensions and benefits will be part of the public agenda. The Senate president has made it clear the issue is his priority, even if it is less so for the governor. The Senate president will continue to beat that drum and make the average New Jerseyan aware of the impact of pensions and benefits on the fiscal realities of the state. The governor would rather have that issue back-burnered because the constituencies this affects are his prime constituencies. But the priorities will be ongoing division between Murphy and Sweeney. That is the most important characteristic that shapes everyday issues like minimum wage, and inside-baseball issues like party chairs at the state and county level.

A shutdown over the budget again is possible. Despite Gov. Murphy's stable public approval ratings, when you talk with insiders, there is a frightening degree of dissatisfaction within the political party – reminiscent of Jon Corzine.

Increasingly, you will see the state playing a role in various kinds of economic development initiatives, like the Amazon package, for a net positive on municipalities and the state. Being partial to South Jersey, I would like to see Atlantic City play a more important role on the economic agenda, particularly in light of progress that has been made and could be incredibly useful in continuing efforts down there.

Murphy stating that taxes will be part of the budget next year ignores outmigration. Business leaders have expressed ongoing concern about corporate and personal income tax structure as they affect corporate finance and the ability to attract and retain employees.

Jim Kirkos
CEO and president
Meadowlands Chamber of Commerce

American Dream's opening will provide a huge economic boost to the region reviving energy around the Meadowlands Sports Complex, New Jersey's most identifiable sports and entertainment destinations. This will lead to an even greater urgency for continued transportation infrastructure investment and regional master planning which includes advancing the development of a world class multi-use convention center at the complex.

Micah Rasmussen
Director
Rebovich Institute for New Jersey Politics, Rider University

First, an increase in New Jersey's minimum wage, and then the legalization of marijuana will be approved by the Legislature and signed into law by Gov. Phil Murphy – possibly before the April budget break, but probably before the new fiscal year begins on July 1. Marijuana advocates, in particular, have been methodically building public and political consensus for a long time, and it will finally pay off.

Gov. Murphy and Senate President Steve Sweeney will reach a global, if grudging, peace treaty. The laundry list of what's on hold is long enough for both leaders to claim significant trophies. Assembly Speaker Craig Coughlin and Lt. Gov. Sheila Oliver are in a strong position to help broker the accord, but ultimately, Murphy and Sweeney must sit down face-to-face and make it happen.

2019 will see the lowest voter turnout in the four-year cycle of New Jersey's elections, because we will not vote for president, governor or Congress, and the General Assembly will be the top of the ticket. There will be a handful of special elections for (state) Senate seats, for example in the First District, which I expect to be a battleground. I also expect competitive races in Burlington County's Eighth District and in Somerset County.

The sheer, overwhelming strength of legislative Democrats and the current struggles of legislative Republicans should allow Democrats to add a seat or two to their current majority of nearly 2-to-1 in the Legislature as a whole. Compared with the many millions of dollars raised and spent, this will seem like a modest outcome. But the significance of continually growing legislative majorities and avoiding any gains by the Republicans over two full decades cannot be overstated.

Michele Siekerka
CEO
New Jersey Business & Industry Association

This year's budget battle is going to be over revenues and it is going to go down to the wire. You have a Legislature right now that is firmly saying, 'No,' to taxes. They gave in last year to the governor for a year of increased revenues in order to put his plans into effect. He's now got four years of an increased corporate business tax and other revenues that he has to find a way to prioritize. I don't think anyone is going to stand for an increase in taxes. I believe the governor is going to introduce a millionaire's tax again because he was big on that last year. Folks are tapped out when it comes to taxes at this point. There is nothing left to give. The CBT affects small business and C-suite executives.

People want to downplay Honeywell leaving, but it's their executive leadership leaving the state of New Jersey. That sends a message. We need to step back and study and understand the consequences ... this year, we are going to see the results of all the tax reforms from last year. Nobody has even filed their taxes yet. We are going to see the impacts of CBT, combined reporting and repatriation. As well as the impacts of federal tax reforms and the SALT deduction cap.

There also will be a battle over reform. There are two interesting agendas: the governor's economic vision and Senate President Stephen Sweeney's Path to Progress. A lot of the discussion is going to be around the intersection of those plans.