

Cut Property Taxes Now

New Jersey's highest-in-the-nation property taxes are the leading reason so many of our neighbors and friends are choosing to leave our state and move to places like Pennsylvania, Texas and North Carolina. Young families are turned off from buying homes and businesses have a hard time attracting the top talent to work in New Jersey because it is simply too expensive to live, raise a family and enjoy a high quality of life here. New Jersey's antiquated school funding formula compounds the problem, essentially forcing middle-class families to subsidize the education system for millionaires in Hoboken and Jersey City through higher property taxes.

Kim understands that the middle class can't wait for the political class in Trenton to come up with a solution. To create a better New Jersey, we need to do something now to make it more affordable for middle-class families to live and thrive here. While other candidates talk about lowering property taxes, Kim is the only candidate with a plan to deliver immediate property tax relief to hardworking families while addressing the long-term drivers of high property taxes: reforming the antiquated school funding formula.

Veto New Tax Increases

Over the past 7 years as lieutenant governor, Kim has kept her promise to oppose any new tax increase on New Jerseyans. She campaigned against the backroom deal to raise the gas tax by 23-cents a gallon and as governor, Kim will continue to stand up for New Jersey taxpayers by vetoing any "knee-jerk" tax increase proposal passed by the legislature to pay for unnecessary spending.

Create Property Tax 'Circuit Breaker'

While the 2% cap on property taxes has slowed the rise in property taxes, it has done little to actually lower the tax burden on New Jersey families. As governor, Kim will fight for long-term solutions to lower the property tax burden in New Jersey, but she will also work to deliver immediate relief and certainty to the working class families who need it most by imposing a property tax 'circuit breaker.'

This innovative program would cap the school portion of a homeowner's property tax bill to 5% of their household income, ensuring no New Jersey family would have to leave our state due to untenable property taxes. For instance, if a household makes \$100,000 in income annually, they would not pay more than 5%, or \$5,000, towards the school portion of their property tax. Any amount owed in excess of the 5% circuit breaker threshold will be applied directly to the homeowner's property tax bill as a credit. So if the same family making \$100,000 a year has a school property tax bill of \$6,000 annually, they would receive a \$1,000 credit. The school districts would then receive increased state aid to cover the cost of the credit so no school districts lose funding.

How To Pay For Property Tax Relief

Cost	\$1.5 Billion
Audit Trenton Savings	\$250 Million
Adjustment Aid	\$500 Million
Annual Revenue Growth	\$1 Billion
Health Care Savings	\$2.5 Billion
Subsequent Savings From Homestead and Senior Freeze Programs	0-\$1 billion

Under this program, a family making New Jersey's median household income of \$72,000 will save an average of \$895 on their property taxes annually. This proposal will apply to primary residences only and be capped at \$3,000 annually. While the Homestead and Senior Freeze programs will remain in effect, homeowners will only be able to qualify for one program at a time and be able to choose the relief program that best meets their needs.

Stop Sick Pay Abuse

An NJ Spotlight report found that one police chief in Jersey City is set to receive a \$500,000 payout for unused sick days when he retires. In total, taxpayers are on the hook for nearly \$2 billion for similar payments to public workers, many getting six-figure payouts. If this problem is not addressed soon, taxpayers could see an average increase of 11% on their local property taxes. As governor, Kim will work to cap sick pay payouts and curb abuse of a system that's suffocating taxpayers.

Lower Healthcare Costs

Tom Byrne, who served as a member of the state's Pension and Health Benefit Commission, says that the state could save \$2.5 billion and reduce property taxes by 8% "simply by insisting that local employees get the same healthcare benefits that exist at the high end of private sector plans." As governor, Kim will negotiate a solution to the state's pension and health benefits crisis in good faith that is fair to taxpayers.

Force Shared Services

According to an examination of New Jersey's property tax crisis by Gannett newspapers, more shared services and the elimination of redundant overhead costs such as superintendents, police chiefs and the accompanying support structure can mean millions in savings for taxpayers. However, the gentle encouragement of towns to voluntarily agree to share services has not worked. While New Jersey should remain a Home Rule state, Kim recognizes that there must be real incentives – and disincentives – for municipalities. The Guadagno Administration will work with localities to consolidate services smartly to cut expenses and pass savings off to taxpayers.

Reform The School Funding Formula

The major driver of New Jersey's high property taxes is an untenable school funding formula. Under the current system, Jersey City and Hoboken millionaires often pay less in property taxes on a \$800,000 home than what a hardworking family in Freehold is forced to pay on a \$300,000 home. Yet, middle class families in a town like Freehold receive less state aid per student while Neptune, an Abbott district, builds new aquatic centers and millionaires in Jersey City get free pre-K. Kim understands the current system must be fixed if we are to provide for real long-term property tax relief in New Jersey while providing a high quality education in every school district. Her five part plan to reform the school funding formula is as follows:

1. **Remedy unfairness:** Kim's administration will work to reform the school funding formula so millionaires in Hoboken and Jersey City pay their fair share for pre-K, K-12 education and school construction. Under the current system, many districts like Jersey City and Hoboken that receive Early Childhood program aid receive 100 percent of the cost of the program regardless of the district's ability to pay. These districts should at a minimum contribute to this program at the local fair share rate that is used in the equalization formula. Kim will bring means tested pre-K statewide and bring fairness to school construction by requiring SDA districts like Jersey City to pay the same percentage on capital improvements as they do for their entire district budget. New Jersey also needs to consider reforming disincentives to fairness, such as the use of PILOT programs.
2. **Increase aid for special education services:** Kim believes money saved by reforming the funding formula should go to fund programs for students who are most in need, namely, our special education students. This would be accomplished by reestablishing the pre-SFRA categorical funding levels for special education programs as well as increasing extraordinary aid for out-of-high-cost placements. In that way, all districts will share equally to the extent they have students in need of special education services.

3. **Develop a record to sustain constitutionality:** Lessons from previous attempts to address fairness in education funding teaches us that any changes to the school funding formula will undoubtedly be challenged in court. In order to uphold changes to the formula, it is important to have an updated administrative record of whether districts are able to provide a thorough and efficient education and contribute towards educational expenses. As governor, Kim will direct the commissioner of education to establish an administrative hearing process to develop a record that will be used to uphold the formula in court.

4. **Address high costs:** As a part of her 'Audit Trenton' initiative, Kim will audit all school districts in New Jersey to ensure money is being spent wisely and actually getting to the classroom to improve student learning. This process will also help to identify ways to lower costs in inefficient districts with high property taxes. As governor, Kim will also target a portion of state school aid to school districts that are both high performing and efficient in order to establish an incentive for school leaders to make the tough decisions that result in the wise use of taxpayer dollars.