

NJCPA Members' Priorities for New Jersey's Governor

Ahead of the 2021 New Jersey gubernatorial election, the New Jersey Society of Certified Public Accountants (NJCPA) conducted a multi-phase survey of more than 900 CPAs to determine what the highest priorities should be for the Governor and what action plans are needed. Respondents ranked priorities in the following order:

1. Reduce property taxes
2. Audit state agencies for overspending and waste
3. Improve the state's infrastructure
4. Reform the public worker pension system
5. Reduce regulations for businesses

For these priorities as well as other issues facing the state of New Jersey, the NJCPA stands ready to assist lawmakers and Governor Murphy in improving the business landscape.

1. Reduce property taxes

New Jersey holds the unenviable title of having the highest property taxes in the nation. In some instances, property tax becomes homeowners' largest expense, totaling almost half of their gross income. For most, this is only sustainable by having two incomes. Though property taxes are the main financial driver for having good public schools in the state, residents without children in the current school system, such as retirees and young professionals, are forced to weigh that against ranking as the 50th tax-friendly state for retirees and having reduced opportunities for those just starting out to own property. NJCPA members say lower property taxes will help to keep people in the state and encourage those finishing college to return and establish roots by being able to purchase a home. It will also attract more businesses to start and stay in New Jersey.

NJCPA members recommend the following:

Consolidate

- Consolidate services among neighboring towns — police, fire, school systems — as called for in the Path to Progress report.
- Reduce school administration costs by having a lead administrator per district but no superintendent. Implement a superintendent role in each county.
- Require all school districts to use the same curriculum to streamline planning and save money on bulk purchases.

Implement reforms

- Negotiate collective bargaining agreements with teachers, school employees, police and firemen at the county level as multi-employer agreements, rather than at the local school district/municipality level.
- Reform local pension and healthcare benefits. (*see priority 4 for further details*)
- Change the school funding formula with a sales tax increase earmarked for school funding.
- Decouple school taxes from property taxes.

2. Audit state agencies for overspending and waste

New Jersey's annual budget of \$46.4 billion for fiscal year 2022 is a 30-percent increase from former Governor Christie's last budget four years ago. NJCPA members believe a streamlining of state programs must occur otherwise the state will no longer be affordable for current as well as future taxpayers. Having state agencies audited for overspending and waste would bring about more accountability and encourage ways to reduce spending

NJCPA members recommend the following:

Upgrade and streamline

- Conduct a technology audit, and upgrade systems to create efficiencies and cost savings.
- Statutorily allocate funds for a multi-year state technology upgrade plan.
- Identify and eliminate duplicate roles, unnecessary positions and/or inefficient workers.

Leverage third parties

- Privatize some government services. Whether structural, technological or consulting, having the state team with private industry could provide more private jobs and reduce expenses.

3. Improve the state's infrastructure

Simply put, if one cannot move goods in New Jersey, one cannot run a profitable business. Employees should be able to rely on the state's roads, tunnels, bridges and public transportation to arrive timely to work and back home without costly and unforeseen delays. Infrastructure is always important as it is directly linked to the safety of residents. NJCPA members noted that if the state's infrastructure is not maintained and improved regularly, residents are at risk for accidents and tragedies. Issues such as potholes, signal system faults and problems with bridges cause people to spend hours wasted in traffic causing a loss of productivity, more pollution, road rage and frustration that impacts personal, social and family life. A strong infrastructure is a vital piece of the puzzle to attract new business as well as tourists into New Jersey. The state is a transit point between New York City and Philadelphia.

NJCPA members recommend the following:

Repair and upgrade

- Prioritize upgrades to public transportation, which the state's lower-income residents rely heavily upon.
- Fix highly traveled roadways and tunnels and expand highway capacity where possible.
- Make road travel more efficient by eliminating all toll plazas and moving to full electronic tolling as New York state has done. Allocate the long-term cost savings of eliminating the toll plazas to infrastructure upgrades.

Address revenues and expenses

- Establish a tax or fee on electric vehicles and/or charging stations since these vehicles use the roads but do not pay any gasoline taxes which are used to maintain the roads.
- Modify mandates and prevailing wage laws to reduce the cost per mile for road work in New Jersey, which is currently the highest in the country.

4. Reform the public worker pension system

At \$93.7 billion, New Jersey's outstanding pension liability represents a disproportionate part of the state's budget — a situation that is not sustainable. NJCPA members note that many of these benefits were instituted to attract employees because the pay scales for public employees were less than private industry. This is no longer the case as wages of government employees are comparable to private industry. Reform needs to happen since this is what every other business has been forced to do to remain fiscally viable. New Jersey state and local governments are no different — they must be required to deliver the same high level of efficiency required for fiscally successful operations.

NJCPA members recommend the following:

- Implement a 401(k) plan with an employer match for all new public sector workers while preserving the current system for existing employees.
- Change the pension formula so that payments to retirees are not based on wages from only the last three years of employment. This is far too costly.

5. Reduce regulations for businesses

Reducing the cost of doing business in New Jersey would make the state more competitive compared to surrounding states, but it would also bring more jobs and reduce costs to consumers. According to NJCPA members, there is so much red tape in New Jersey it is very challenging to run a small business; the administrative costs are prohibitive. Projects sitting unapproved have a carrying cost for the business. Approvals must be done more quickly. Because of their larger staff and resources, bigger businesses are able to deal with state regulations and red tape better than small and midsize companies, which gives them an unfair advantage.

NJCPA members recommend the following:

- Bring back the Red Tape Review Commission formed by former Governor Christie.
- Make it easier to start a business in New Jersey by consolidating and streamlining departmental regulations, applications and checklists that are targeted at new businesses.
- Implement the necessary technology to enable all applications to be submitted online.
- Examine other states — particularly neighboring states — and implement best practices.

Questions regarding these survey results can be directed to Rachael Bell, NJCPA content and communications director, at rbell@njcpa.org or 862-702-5620.