

GOVERN: Odds favorable income tax cuts

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While the rate of growth in property taxes has slowed, thanks in large measure to a lower and more restrictive cap on increases, the actual dollar cost to homeowners continues to rise, having been neither reduced nor stabilized. It remains taxpayers' highest concern.

In supporting the tax cut, Christie has emphasized its fairness; that is, every wage earner receives the same percentage reduction and the fact that the wealthy receive a greater share is merely a reflection of the fact that they pay a greater share. That's how a progressive income tax system works.

The governor and his Democratic critics in the Legislature have laid out their respective positions and in the early stages of discussion, they will stand by them.

As the debate plays out, however, the likelihood of a compromise being reached increases proportionately — much the same way the differences were resolved on the property tax rate cap, reform of public employee health and pension benefits, and changes in the binding arbitration system to settle contract disputes.

The emerging Democratic strategy appears to center on a targeted tax cut by establishing a ceiling on eligibility at, say, \$250,000, while leaving untouched the existing rates for incomes above that. Millionaires would receive no benefit while the middle class would experience modest relief.

Such an accommodation could also include Democrats abandoning their insistence on reinstating the income surtax on wealthy New Jerseyans, a proposal which, while dear to the hearts of many Democrats, would be vetoed by the governor in any case.

Some form of targeted reduction would add to Christie's reputation as a tax cutter while providing Democrats with the opportunity to boast about addressing the concerns of middle- and low-income families.

Negotiations would also include the spending reductions the governor will recommend as well as his pledge to reinstate the earned income tax credit, a program that benefits primarily the working poor.

If history is any indicator, the coming months will feature a good deal of posturing, harsh language and frayed tempers. The odds are better than even, though, that in the end Democrats and

Republicans alike will stand smiling behind the governor in a public ceremony while he signs the tax cut bill into law.