

Murphy Closes in on His Budgetary White Whale

By Carl Golden | April 16, 2020, 12:42pm | in

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Jersey shore communities facing closed beaches and boardwalks will suffer severe consequences as prohibitions on large gatherings remain in force, battering the tourism industry. Summer jobs — long a source of income for high school and college students — will either vanish or provide only a fraction of prior years.

The choice facing the Legislature is stark, indeed — potentially devastating spending cuts which will reverberate through municipalities and school districts or seek new revenue sources like the millionaire's tax.

In his two-year long pitch for the tax increase, Murphy has framed it as a matter of tax fairness, that high income New Jerseyans can easily afford the additional tax and that the proposal enjoys upwards of 70 percent public support.

His argument failed to sway legislative leaders — most of whom supported the idea as recently as three years ago — who contend taxes are already excessive and that spending reductions and a reappraisal of fiscal practices and policies should take priority.

The Covid-19 pandemic — the most serious public health crisis to strike in a century — has changed all that, driving the nation to the brink of what many economists believe to be the worst downturn since the Great Depression.

Full recovery and a return to the turbocharged economy of record low unemployment and a sky's the limit stock market will take time. Public nervousness will continue in the absence of an effective vaccine for the virus and warnings that it could become a recurring nightmare.

Murphy and the Legislature face three months of uncertainty before agreement is reached on a revised state budget — three months during which little appreciable change will have occurred.

The governor has already conceded that the crisis will persist through the summer even though progress may be seen in lower infection rates, fewer fatalities and an easing of the pressure on hospitals and other medical long-term care facilities.

It is equally uncertain whether businesses will be permitted to open or whether consumers, freed from confinement, will flock to malls eager to satisfy pent up shopping demands.

Majority of businesses, it is feared, may never resume, further darkening full employment restoration.

There exists then the issue of guiding the state further to a more stable and diverse ,

It may well be necessary to negotiate terms and conditions to convince legislators to sign on. A sunset provision, for instance, a timetable for the expiration of the increase might appeal to some reluctant legislators, along with tweaking the percentages or income limits.

He will have to contend with arguments that rais