

OPINION: REAL PROPERTY-TAX REFORM IS GUADAGNO'S ONLY REAL CHANCE

CARL GOLDEN | AUGUST 15, 2017

If Guadagno wants to break the chains that bind her, she must give voters what they want, not more namby-pamby policies that won't upset the status quo



Carl Golden

Down in the early polling by double digits ... fund raising considerably less than robust ... antipathy on the part of major donors ... a largely moribund state party ... Gov. Chris Christie hanging like a sash weight on her candidacy ... President Donald Trump dominating the political environment.

While candidates always enter a campaign with political baggage, Lt. Gov. Kim Guadagno's quest to succeed Christie is freighted with more than her share.

She has struggled to distance herself from Christie, but her association with the administration remains a negative factor in voters' perception of her. It is unlikely that will change to any significant degree. Her ties to him may be frayed, but they're not broken.

Trump will remain a larger-than-life presence, continuing to capture the lion's share of media attention and, through his tweet storm and frequently bizarre pronouncements, will often overshadow the gubernatorial campaign.

Guadagno probably can't separate herself from Christie any further and Trump's dominance of the political environment is beyond her control.

Nothing to gain

She has nothing to gain by a preoccupation with the governor and the president and should concentrate instead on re-asserting her independence and offering a cogent vision of the future, one that draws a sharp contrast with her Democratic opponent, former Goldman Sachs executive Phil Murphy.

There is arguably no more compelling issue on which to base such a strategy than that which voters have consistently and overwhelmingly identified as the one that keeps them awake at night — property taxes.

Tweaking, nibbling at the margins, moving the same pieces around and calling it progress will not fire the public imagination with the hope that, at long last, an elected official understands their plight and is committed to addressing it.

The time is ripe for a comprehensive proposal to scrap the entire system, dismantle the current tax structure and replace it with one that recognizes that near-total reliance on property taxes to finance county, municipal, and school district operations is nearing the limits of viability. The flaws in the property-tax structure are systemic and, as history has demonstrated, cannot be addressed effectively or over the long term in a piecemeal fashion.

Guadagno can, by pledging that her administration will move forcefully toward dramatic changes, demonstrate she does not share Murphy's acceptance of the status quo while portraying herself as someone willing to embrace bold, innovative approaches to public policy.

Full-throated debate

A strategy designed to produce a full-throated debate over the most vexing issue facing the state can only benefit Guadagno by defining her as unafraid to reject conventional thinking while portraying her opponent as clinging to the "same old, same old" philosophy steadily draining the economic lifeblood from the people.

She has offered a property tax relief plan, the core of which would cap the amount of taxes paid to support local education at five percent of household income while the state would provide funding to bridge the difference.

Murphy has, for the most part, stuck to substance-free promises to fully fund the school-aid formula, restore homestead rebates, and provide incentives for municipalities to share services.

How to provide the potentially billions of dollars to fulfill his suggestions presumably will await another day.

There is no dispute that property taxes – averaging \$8,549 and growing each year – are crushing the middle class. The two per cent cap on rate increases has had minimal impact and, in a growing number of communities, average taxes long ago surpassed \$10,000.

Rooted in reality

Using the arbitrarily established value of a home to determine individual economic circumstance and ability to pay may have once been reasonable and equitable. It is no longer, and taxpayers are ready for – if not pleading for – a different system rooted in fairness and reality.

Income has traditionally been the basis upon which government applies its taxing power on the theory that in a progressive system the wealthy pay more than middle- and lower-income individuals and is inherently fairer.

The property-tax structure disregards that theory altogether and requires that all – regardless of income level – pay at the same rate based on the worth of their residence.

Guadagno can make the argument that extending authority to local governments to tax income or consumer sales in return for constitutionally guaranteed replacement or significant reductions in the property tax should be given serious consideration.

Such tax-shifting proposals have surfaced from time to time, but governors and legislators have always shied away from it as politically toxic. Even the more cautious approach of convening a constitutional convention to study the current tax structure and recommend changes failed to attract broad support.

A fear that any vote to tax income in particular as a part of a broader tax relief and reform package forecloses serious debate over whether property taxes should remain as the primary source of support for the more than 1,200 government entities that rely upon it.

The prevailing view seems to be a variant on the "if it ain't broke, don't fix it" solution.

If New Jersey property taxpayers were consulted, their view would overwhelmingly be "It is broke and should be fixed."

Guadagno, confronting the odds stacked against her, has nothing to lose by carrying that message to voters. Why not ask Murphy whether he favors annual property tax increases or believes the system is ultimately unsustainable?

Carl Golden served as press secretary for Republican Gov. Thomas Kean for eight years and as communications director for Republican Gov. Christie Whitman for three years. He is currently

a senior contributing analyst with the William J. Hughes Center for Public Policy at Stockton University.

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