



PUBLIC QUESTION # 1

DEDICATES ANNUAL REVENUE OF AN AMOUNT EQUAL TO A TAX RATE OF 1% UNDER THE STATE SALES TAX FOR PROPERTY TAX REFORM

Do you approve the amendment of Article VII, Section I of the Constitution of the State of New Jersey, to provide for the annual dedication and annual appropriation of an amount equal to the annual revenue derived from a tax rate of 1% imposed under the New Jersey Sales and Use Tax, exclusively for the purpose of property tax reform through a special Property Tax Reform account established in the constitutionally dedicated Property Tax Relief Fund?

Citizens vote “yes” or “no” on public questions on the ballot

Background:

The sales tax increased from 6 to 7 cents in July of 2006. This question does not change that increase. In November of 2006 the electorate approved the dedication of one-half of that penny increase to property tax reform. That dedication provided about \$650 million of sales tax income placed in a special account in the Property Tax Relief Fund. New Jersey's (*the state's*) major revenue source, the personal income tax, is dedicated for the purpose of reducing property taxes and is placed in this same fund.

The 2007 question asks voters to dedicate the remaining one-half cent increase of the state sales tax for property tax reform with this money being placed in the same Property Tax Reform Account. If approved the total dedication of sales tax income for FY 2008 is estimated at \$1.3 billion, if defeated the dedication of sales tax income remains at the one half cent level, estimated for FY 2008 at \$650 million dollars.

Reasons to vote “yes”:

- Property taxes are very high relative to other taxes in New Jersey. This dedication is a step toward providing relief to property tax payers.
- Dedication of tax revenue prevents it from being used for general spending and insures its availability for the intended purpose. A constitutional dedication can only be changed by the voters.

Reasons to vote “no”:

- Constitutionally dedicating taxes reduces the flexibility of the state to direct revenues to changing priorities.
- The one penny increase in the sales tax passed in 2006 was to provide additional money to help balance the budget. Dedicating this increase leaves the state budget under funded which will force budget cuts or borrowing to fund programs not defined for use by the property tax relief fund.

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