

Governor Corzine Proposes: Voter choice on all future State borrowing without an identified and dedicated revenue source

- The State of New Jersey's debt has tripled over the past twenty years.
- Debt from bonds issued by the State now totals about \$32 billion, or \$3,700 for every man, woman, and child. Almost all of that debt has been issued by the State government without voter approval.
- Moreover, the State still faces \$25 billion in pension liabilities and \$58 billion in costs for retiree medical benefits.
- That's about \$115 billion, or \$45,000 owed by each household.
- Simply to keep up with required payments of interest and principal on bonds and annual payments for pensions and health care requires \$4.8 billion per year, or 14 percent of the State budget, funded by taxpayers:
 - \$2.6 billion to service the debt
 - \$1.1 billion to contribute to the pension fund
 - \$1.1 billion in post-retirement medical expenses
- Actuaries suggest the State ought to pay even more – about \$10 billion annually – and Governor Corzine's two budgets so far have contributed more to the pension fund, \$2.2 billion, than the previous 15 budgets combined.
- These obligations weigh on the State and on taxpayers, crowding out services provided by the State and forcing Governors and legislators to make painful choices every year.
- Governor Corzine proposes to pay down half of the State's bonded debt of \$32 billion through his plan to realize the full value of toll roads.
- But that plan does not prevent future Governors and legislators from incurring more debt.
- Governor Corzine proposes to ask the voters to amend the State Constitution to mandate that all future debt without a dedicated revenue source be subjected to voter approval.
- The public clearly does not want to allow the State to mismanage its finances further by borrowing even more. Polls show that New Jerseyans support both stem-cell research and preserving open space, yet the stem-cell measure failed in November's election and the open space initiative passed by a slim margin.
- Taxpayers should have a say in future State borrowing.