

W

emergency -- an illness or job loss -- so too do budget experts recommend that states put aside money in case the economy tanks and revenues fall short of forecasts.

Today, New Jersey contributes to the Surplus Revenue Fund only when there is a year-end surplus between forecasted and actual revenues (a rarity). That would be comparable to a family depositing money into their savings account only when they saw what was leftover after Christmas. That's no way to plan for the future -- and bonding agencies recognize that the absence of a rainy day fund contributes to our state's fiscal volatility.

The solution: earmark a proportion of revenue to the Surplus Revenue Fund. Indeed, it would be wise to increase the state's sales tax to an even 7 percent next year and designate the revenues from the fractional increase to the fund. This dedicated funding source would eliminate the possibility of costly disruptions of funding and would bolster revenue stability measures that impact the state's bond rating.

Today, revenue forecasts are created exclusively by governors -- governors who often have an agenda when it comes to forecasting revenue. In 2014, Gov. Chris Christie ardently opposed tax increases, which would have been a political albatross as he was preparing for his presidential run. The administration over-estimated revenue, and the state consistently failed to make the projected revenue estimates, creating a budget shortfall of \$1.6 billion.



In a fix advocated for recently in a [ROI.com editorial](#) and by.

Understandably, procedural fixes may be more palatable, but the reality is that if Murphy is to be successful, he must begin the process of rethinking the state's public employee pension

*Bookmark [NJ.com/Opinion](https://www.nj.com/opinion). Follow on  
Twitter [@NJ\\_Opinion](https://twitter.com/NJ_Opinion) and find NJ.com [Opinion on  
Facebook](https://www.nj.com/opinion).*

---

Use of and/or registration on any portion of this site constitutes acceptance of our [User Agreement](#) (updated 5/25/18) and [Privacy Policy and Cookie Statement](#) (updated 5/25/18).

© 2018 Advance Local Media LLC. All rights reserved ([About Us](#)).

The material on this site may not be reproduced, distributed, transmitted, cached or otherwise used, except with the prior written permission of Advance Local.

[Community Rules](#) apply to all ;