

# A Solution To New Jersey's Outrageously High Property Taxes

By Mark Charnet

All of us who own a home in North Jersey are burdened with the highest property taxes in the nation. Approximately 55% of our property taxes go to fund education. There are other states that do not fund their educational requirements through property taxes and I think we shouldn't either. According to the US Census Bureau figures from 2006, there are 8,724,560 people living in NJ. There were 3,472,643 housing units but, homeownership represented 65.6% of that number or 2,278,054. In other words, 2.2 million homeowners are paying for the educational needs and benefits of the total population of 8.7 million. I think you can agree that this ratio is greatly out of balance and damaging to homeowners. According to *South Jersey News Online* 6/29/08, property taxes average \$6,800.00 per homeowner. Is there a better way to finance this obligation that would be fair to all residents eliminating the tax penalty of home ownership? The answer is - YES!

If NJ were to eliminate school tax completely and shift the financial burden for education to all NJ residents and people who don't live here but

spend money in our great state, by instituting an additional 1 to 1½ % sales tax, (or whatever the exact figure is to cover what is needed) the burden of financing education in the Garden State would be shared fairly by all. There are millions and millions of non-residents that spend money here in NJ. They would share the cost of education with us. Imagine, everyone's property taxes reducing by 55%! What effect would this have on your home - it would shoot up in value of course. In addition, people who have utilized a HELOC, (home equity line of credit) would be able to reduce or eliminate their debt in payments equal to 55% of their former property tax bill. Mortgage companies and banks would experience a windfall in their stock prices, as increasing property values and reductions in bad debt and late payments would bolster their balance sheets. In addition, foreclosure rates would return to normal when houses that are upside down flip, right side up!

Seems pretty simple to me, as a matter of fact, you have to ask yourself, why the heck hasn't this been instituted before? It's so blatantly obvious that this method of financing education is superior to the current

system, whether you are a Democrat or a Republican, that it should have bi-partisan support in the state legislature. This same concept can be applied to our federal tax system eliminating income taxes, without complicated tax rules and tax returns ever again. A national sales tax would catch everyone at the cash register. All the people who work off the books, all of the people who are illegal immigrants, all the people who own cash revenue businesses, all the people that under estimated their income, all the people that purchase or sell their products through the internet, all the people who don't file or don't declare their income, all of these people and more, will be caught at the register when they spend their money. By imposing a 20% (for example) national sales tax, the government will receive tax revenue from sources that were able to slip through the cracks before and never will again.

The public would acclimate to the increase in consumer prices, yet they would stick their hands in their wallet and have 10, 20, 35% more cash in it. The IRS should be converted to a police force to insure compliance of the vendors that they, in fact, would submit the required

tax revenues to Washington. In order not to disadvantage the lower income classes, food purchased at the grocery store would be exempt from National Sales Tax as would clothing, rent or mortgage payments.

There you have it, another simple solution to a complex problem. Both Presidential candidates are espousing change and a National Sales Tax would make an excellent example of fiscally responsible backing and behavior during these challenging economic times. In other words: spend a lot - pay a lot - make a lot and keep it all!

I hope my column challenges you, my readers, to new ways of thinking while motivating you to take appropriate action with your elected representatives, and your retirement, estate and protection plans.

The Dow Jones Industrial average fell 777 points in a single day last week and bounced back about 485 in the next session. You must be proactive with your portfolio in order to ensure its longevity. If you need help or want a second opinion on how to do this, with no cost, obligation nor commitment, please call me or send me an email at the address below to arrange a mutually convenient



time for us to get together to discuss your particular situation; I respond to all inquiries personally and confidentially.

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