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Report

TO MEMBERS

Corzine Must Address Negative Views of NJ's Business Climate

As reported elsewhere in this issue of *New Jersey Business*, NJBIA's 2006 Business Outlook Survey reveals a stunning loss of confidence in the short-term outlook for the state and national economies. It is rare that our survey, now in its 47th year, finds such a precipitous drop in confidence in the space of a single year.

While this change in mood from relative optimism to relative pessimism is cause enough for concern, the survey also reveals that New Jersey employers continue to show little enthusiasm for New Jersey as a place for business expansion. Why? They cite the exceedingly high, everyday costs of doing business in this state, costs that are much higher than in most other states.

Such a negative view can only serve to discourage businesses that might otherwise decide to expand their operations here, either by making a further investment in existing operations or by moving to New Jersey from other states. Evidence of this discouragement can be found in weak employment growth in the state's private sector. New Jersey was 41st in the nation in its rate of private-sector job growth in 2004 and is likely to repeat this dismal performance for 2005. It seems New Jersey is losing its competitive edge and is losing good jobs to other states.

We believe that if our new Governor and Legislature make a determined effort to improve the state's business climate—by lowering some of the barriers to business expansion like high taxes and fees, exploding health insurance costs, and a burdensome regulatory environment—a great deal could be done to improve this situation.

Fortunately, Governor-elect Jon Corzine said during his campaign he plans to make economic growth one of his highest priorities as the state's new chief executive. If he follows through

on this commitment, he will find a ready partner in the business community. We all want the state economy to grow and prosper and we will work with the Governor on measures to achieve this goal.

Let's take a look at the findings of our 2006 survey as they relate to the state's business climate. These can serve as a baseline for any future efforts to improve that climate.

One of the most important questions we ask in our annual survey is: How do you view New Jersey as a place for new or expanded facilities?

In the current survey, only 28 percent of companies said New Jersey is a good place for business expansion. This assessment is stuck at the same dismal level of the last two years, which is also the lowest level of the past 12 years. This is preventing New Jersey from achieving its full economic potential.

We also ask our survey participants to compare New Jersey to other states on an array of important government-performance indicators. The following percentages of respondents said New Jersey is worse than other states: controlling healthcare costs, 95 percent; taxes and fees, 94 percent; controlling government spending, 92 percent; controlling energy costs, 84 percent; cost of regulatory compliance, 84 percent; attitude towards business, 69 percent; and promoting economic development, 64 percent.

In fairness to the Garden State, significant majorities of our survey respondents also said New Jersey is better than other states in its quality of life and in the quality of its schools and its workforce.

But it is the highly negative views of New Jersey that need to be changed. NJBIA looks forward to working with the new administration and the Legislature. Together, we can strengthen New Jersey's business climate and improve its job-creation efforts.