

## 'Tool kit' reforms will boost N.J. businesses

Published: Friday, November 19, 2010, 6:26 AM

**By Philip Kirschner**  
**Star-Ledger Guest Columnist**

High property taxes are not only a burden for New Jersey homeowners, but a major cost for businesses as well — a burden that hurts the economy and costs us jobs. Employers pay New Jersey's highest-in-the-nation property taxes, too, and limiting these taxes would go a long way to getting New Jersey's economy going again.

That's why the business community is eager to see the Legislature enact Gov. Chris Christie's "tool kit" to give local governments the implements to control costs that drive up property taxes.

Businesses that create jobs in New Jersey have to pay ever-increasing property taxes (if they own their property) or higher rent because of the landlord's property tax bill.

Businesses also lose out on attracting and keeping talented employees who do not want to or can't live here because of the tremendous property tax burden.

In NJBIA's annual Business Outlook Survey, participating businesses have cited property taxes as being one of the three most difficult problems in New Jersey — every year since 1987. In fact, 40 percent of all of the taxes that businesses pay go to property taxes. A recent Ernst and Young study reveals that New Jersey businesses paid \$8.3 billion in property taxes in 2009. This is a big factor behind the high costs that have discouraged business investment and job creation in this state.



Gov. Chris Christie wants to offer local officials a "tool kit" to help keep property taxes under a 2 percent cap.

New Jersey's property taxes discourage businesses from investing and creating jobs here. Every time a business builds or expands a facility, its property tax bills go up — even though this investment creates jobs and directly benefits the state and local economy.

That's why businesses cheered when Christie and the Legislature agreed this year to cap property taxes at 2 percent annually. Now, the state must give local governments the tools they need to stay within the 2 percent cap and still operate effectively. This means enacting the reforms in Christie's proposed tool kit.

The tool kit includes proposals for arbitration reform and civil service reform that would allow local governments to better control public-employee costs. Arbitrators continue to award public employees overly generous raises that are completely out of line with

today's economic realities. Arbitrators give raises far greater than what the taxpayers who pay these salaries get. Likewise, we need civil service reform to give mayors greater flexibility in effectively managing their work forces.

Public employee unions may not like it, but I doubt they will get much sympathy from the private sector. What Christie is asking of local governments and their employees is exactly what businesses and their employees have been doing.

Cutting costs and doing more with less are a matter of survival for any New Jersey business these days. Many businesses have greatly trimmed expenses, and employees have forgone raises and bonuses just so people can stay employed and businesses can keep their operations intact.

They have every right to expect their governments to do the same.

*Philip Kirschner is the president of the New Jersey Business & Industry Association.*