

NJBIA

VISION

for a
BETTER
BUSINESS
CLIMATE
2010-2011



New Jersey Business & Industry Association



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ABOUT NJBIA

NJBIA is the nation's largest state-level employer association, representing 22,000 member companies that employ an estimated 1.2 million New Jersey workers.

THANK YOU

NJBIA wishes to thank the hundreds of members of its 11 policy committees for taking time away from their businesses to review legislation and analyze how it will impact their operations. NJBIA also thanks the thousands of employers who have participated in its annual Business Outlook survey. NJBIA's *Vision for a Better Business Climate* is based on the input we received from our policy-committee members and participants in our surveys.



VISION for a BETTER BUSINESS CLIMATE

New Jersey's private-sector employers are the State's main engine of economic growth and prosperity. Increasingly, they are challenged by fierce domestic and global competition, rising production costs, burdensome State and federal regulations, and some of the highest costs of doing business in the nation. At the same time, other states are aggressively courting our businesses, often successfully taking our jobs. To keep our economy strong and create new jobs, government at all levels must seek to reduce business costs, reduce taxpayer burdens and encourage economic growth.

**NJBIA's VISION FOR A BETTER BUSINESS CLIMATE
IS A BLUEPRINT FOR BUILDING A STRONG
PRIVATE-SECTOR ECONOMY AND CREATING JOBS
IN NEW JERSEY. IT CALLS FOR:**

- **REDUCING THE COST OF DOING BUSINESS**

by reducing taxes, fees, State mandates and energy costs;

- **CREATING JOBS AND GROWING THE ECONOMY**

by supporting strong transportation infrastructure, tourism and gaming, strategic capital investment, higher education partnerships with the private sector, competitive tax incentives, and strong workforce development; and

- **STREAMLINING GOVERNMENT PROCESSES**

through regulatory reform, education reform, government employee pension and benefit reform, and local government cost sharing and regionalization.



REDUCING THE COST OF DOING BUSINESS

New Jersey has some of the highest costs of doing business in the nation. The cost of doing business in New Jersey must be reduced in order to keep our businesses competitive and create private-sector jobs.

TAXES

NJBIA supports tax policies that will encourage, rather than discourage, economic growth and job creation. Our tax rates should be competitive with other states, especially those within our geographic region. State and local governments need to balance their budgets by living within their means and not raising taxes.

Increases in the corporate business tax, income tax, payroll taxes, as well as sales and property taxes have been detrimental to New Jersey businesses' efforts to grow and create jobs. These taxes should be reduced in order to promote economic growth.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Avoiding a costly \$1 billion Unemployment Insurance payroll tax increase;
- Eliminating the “double tax” on S corporations; and
- Allowing “temporary” business taxes to expire as established by law (i.e., the income tax hike on incomes over \$400,000 and the 4 percent Corporation Business Tax surcharge).

ENVIRONMENT

New Jersey's location between two major metropolitan areas and key ports is attractive to many businesses. For those companies that manufacture goods or need environmental permits, however, the benefit of an attractive location is offset by the cost of compliance with strict, sometimes unnecessary and excessive environmental mandates.

New Jersey businesses pay extra fees, taxes and bureaucratic penalties for unnecessary and excessive environmental regulations, often beyond those of other states and the federal government. This adds to the business cost burden in the State. New Jersey's goal should be to encourage compliance with standards in an effort to improve overall environmental quality, not to create a revenue source through the aggressive imposition of fines. New Jersey's environmental laws and regulations should strike a balance between environmental protection and economic growth.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Lowering State and local permit fees;
- Processing permits within reasonable periods of time;
- Increasing compliance assistance from the DEP (Department of Environmental Protection) to help companies meet New Jersey's complex and confusing regulatory requirements;
- Implementing an even-handed enforcement policy that punishes truly “bad actors,” not companies that make honest mistakes;
- Reducing redundancies between State, county and municipal approvals; and
- Balancing environmental stewardship and economic growth.

ENERGY

New Jersey receives its electricity from the PJM power grid that also services 13 other states, including Pennsylvania, Delaware and Maryland. PJM is one of the most reliable power grids in the nation. However, New Jersey power rates are among the highest within the 14-state power grid due to the costs of generation, reliability, congestion pricing, transmission and State-imposed surcharges.

New Jersey businesses need a reliable energy supply at a more affordable price. New Jersey needs to develop comprehensive energy policies that take into account all of the components of a sound Statewide approach. Balancing economic impacts with environmental benefits are necessary as the State considers expanding energy efficiency, renewable energy projects and new sources of generation beyond the existing capacity.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Consolidating all diverse energy efficiency tax sources and programs into one (i.e., RGGI, Retail Adder, Societal Benefits Charge);
- Reducing energy taxes and fees, like the TEFA tax;
- Using commercial and industrial ratepayer funds for commercial and industrial programs;
- Implementing voluntary energy efficiency measures; and
- Reorganizing the New Jersey Board of Public Utilities to be business friendly.

LABOR MANDATES

State labor laws must be reasonable and balanced for employers and employees, permitting New Jersey employers to compete on equal footing with employers in other states. Mandated employee benefits should not exceed those imposed by competing states or the federal government.

Each workplace is unique. Policymakers should strive to give employers the flexibility to meet the needs of their employees and effectively manage their workforces while providing fair wages and safe working conditions for all employees.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Leveling the playing field between union and nonunion workplaces by eliminating preferential treatment for union labor, which represents only 11 percent of the private sector workforce;
- Reining in workplace mandates that are confusing and difficult to comply with, such as the various layers of State and federal mandated employee leave programs and onerous wage and hour requirements; and
- Revising workplace mandates to be consistent with federal requirements.

HEALTH INSURANCE

Reducing the high cost of health insurance is critical for small and large businesses to thrive in New Jersey. It is essential that the State focus on reforms to the healthcare system in order to lower premiums for employers, increase the efficiency of the healthcare delivery system and ensure the quality of healthcare being delivered.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Developing a basic health insurance plan for small employers;
- Creating a reinsurance pool for health insurance;
- Allowing all businesses to deduct the cost of health insurance from their State taxes; and
- Reviewing the cost and effectiveness of all health insurance mandates.

LEGAL LIABILITY

Our corporate liability laws must be examined in the context of federal laws in other states and global competition so that businesses can feel they are being treated fairly. Liability laws must be transparent, logical and comprehensible, giving companies a sense of predictability so that they can effectively manage their risks and create jobs.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Legal liability reforms that promote fairness and predictability in court rules;
- Limiting the State consumer fraud act to prevent frivolous class action lawsuits;
- The creation of a business court; and
- Limiting any expansion of compensatory or punitive benefits.

CREATING JOBS & GROWING THE ECONOMY

In the last decade, New Jersey has gone from being a leader in private-sector job creation to lagging behind the nation and the region. While private-sector job growth has dipped, the growth in public-sector employment increased six fold over the preceding decade. From 2000-2010, the State lost more than 2.2 private-sector jobs for every government job added (-156,100 jobs versus 69,400 jobs). The State must pursue policies that encourage the growth of the economy and the creation of private-sector jobs.

INCENTIVES FOR ECONOMIC DEVELOPMENT

Improving the State’s business climate requires a strong economic development plan. Investments in economic development will pay off many times over in higher employment, greater economic vitality and higher tax revenues. New Jersey should use targeted incentives to encourage business investment and job creation.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Establishing a purchasing preference for in-State manufacturers;
- Broadening the Business Employment Incentive Program;
- Creating Garden State Growth Zones to revitalize urban areas, similar to Pennsylvania and New York; and
- Limiting the excessive and burdensome requirements on receiving government assistance.

COMPETITIVE TAX POLICIES

Beyond the cost to business, taxes can also serve as a tool for attracting and retaining employers. Tax policy should be changed to encourage job creation and retention, and level the playing field with competitors in other states.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Adopting the single-sales-factor corporate tax model to stop penalizing New Jersey companies for creating jobs;
- Increasing the manufacturing tax credit for investing in equipment and facilities; and
- Strengthening the successful Urban Enterprise Zone program and eliminating the sales tax rebate procedure.

WORKFORCE DEVELOPMENT RESOURCES

A quality workforce is critical to a business’ success. Workforce training programs should be targeted to meet the needs of the economy and be flexible to allow easier access for businesses.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Increasing flexibility in all State training grants to maximize the number of workers trained;
- Streamlining the training grant application process; and
- Providing constant feedback on the status of individual applications.

SUSTAINED TRANSPORTATION FUNDING

New Jersey employers and their employees are very dependent upon a safe, efficient and ever-improving transportation system. The State's mass transit, roads, bridges, tunnels, rails, seaports and airports must be constantly improved in order to compete in the global economy.

New Jersey must return to a dependable system of pay-as-you-go funding for transportation projects. The Transportation Trust Fund should be supported by existing revenues from the Motor Fuels tax, tolls, Motor Vehicle fees and dedicated federal aid. An over-reliance on bonding has left New Jersey with insufficient resources for present or future transportation projects.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Reviewing and re-prioritizing all transportation projects for maximizing dollars;
- Consolidating transportation agencies;
- Constitutionally dedicating existing revenue for capital projects; and
- Limiting State regulations on the critical trucking industry that exceed federal standards.

ENCOURAGING DEVELOPMENT

New Jersey needs to support further building of our State infrastructure, as well as commercial, industrial and residential development. Aggressive strategies to eliminate impediments to development and redevelopment and promote growth are critical.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Ending the practice of last-minute property re-zonings;
- Expanding the use of licensed private-sector professionals to assist the NJ Department of Environmental Protection in performing many of its functions; and
- Eliminating the Council on Affordable Housing and affordable housing burdens on developers.

HIGHER EDUCATION COLLABORATION WITH BUSINESS

Higher education is a critical part of the State's economic development engine. With innovation as a significant growth driver in our new economy, it is critical that higher education collaborate with business to support New Jersey's innovation pipeline. State government should also be engaged in coordinating and partnering the efforts of higher education and business in New Jersey.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Promoting higher education-business partnerships that foster economic development;
- Building a database of current university research and development efforts, IP and lab capabilities that can market New Jersey as a place for business to collaborate with researchers;
- Connecting small business/start-ups with universities to leverage an incubator network;
- Developing an entrepreneurial ecosystem through modifications to higher education curriculums to add additional business training;
- Coordinating higher education curricula to better meet the needs of the economy;
- Focusing higher education training and resources on the skills and jobs that businesses need; and
- Increasing capacity funding for higher education.

IMPROVING GOVERNMENT PROCESSES

The State must streamline all levels of government to better serve the needs of business and ensure that all taxpayers receive affordable, efficient government services.

REGULATORY REFORM

New Jersey is generally viewed as being unfriendly to business. This is due to a difficult and regressive tax structure, and a regulatory morass that adds unnecessary costs and hurdles to doing business in the State. New Jersey businesses pay some of the highest fees in the nation, abide by some of the strictest permits, and struggle to comply with over 25,000 pages of regulatory requirements. For businesses to survive and thrive, regulatory reform is a necessary component of any economic growth strategy, and the process by which regulations are promulgated must be transparent and inclusive.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Reforming the process by which regulations are adopted by increasing stakeholder involvement, issuing pre-releases of proposals, and providing advance notice of new proposals;
- Using peer-reviewed science;
- Conducting comprehensive economic impact analyses;
- Requiring compelling justification for exceeding a federal standard; and
- Making regulations understandable, consistent and predictable.

EDUCATION ACCOUNTABILITY AND CHOICE

New Jersey spends 62 percent more than the national average on K–12 education, yet employers still struggle to find workers with the skills necessary to succeed in the workplace. NJBIA supports reforms that will improve the quality of education to better prepare the future workforce and control the costs of education to protect the taxpayer.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Increasing standards and expectations for students;
- Expanding and enhancing public and private school choice;
- Improving mathematics, science and technology education; and
- Promoting greater accountability for education spending and performance.

REFORM OF GOVERNMENT WORKER BENEFITS

With huge State budget deficits and ever-escalating property taxes, government employee benefits need to be reformed. In general, public-sector benefits should not exceed those available to workers in the private sector.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Increasing the retirement age for public employees;
- Requiring public employees and retirees to contribute more towards their healthcare;
- Limiting the number of pensionable jobs;
- Reforming pension and benefits for local government workers in addition to State workers;
- Eliminating compensation for unused sick time and limiting compensation for unused vacation time; and

- Phasing out the defined-benefit pension system for public employees in favor of a defined-contribution plan more often used in the private sector.

LOCAL GOVERNMENT REGIONALIZATION

The State should encourage local governments and school districts to regionalize and, where appropriate, force them to consolidate and share services. With more than 600 school districts and 500 municipalities, the State should provide guidance, incentives and mandates to help reduce the number of local government entities. Consolidation would improve efficiency, reduce costs and lower taxes.

EXAMPLES OF WHAT NJBIA SUPPORTS

- Forcing local governments to consolidate and share services instead of just encouraging it;
- Empowering the executive county superintendents to aggressively push school regionalization and consolidation; and
- Enhancing the Local Unit Alignment Reorganization & Consolidation Commission to make recommendations to consolidate municipalities and provide it with the tools to effect consolidation.



NJBIA GOVERNMENT AFFAIRS TEAM



Philip Kirschner, President
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Phil is the Association's chief executive as well as chief spokesman for the business community. He is responsible for seeing that the Association's mission is fulfilled, namely to provide information, services and advocacy for its member companies in order to build a more prosperous New Jersey.



Melanie Willoughby, Senior Vice President of Government Affairs
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Melanie directs the Association's government affairs and public policy activities, and represents NJBIA in all legislative areas. She is also the staff director for the NJBIA Government Affairs Committee and the Manufacturing Network.



Sara Bluhm, Assistant Vice President of Energy & Federal Affairs
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Sara lobbies for the Association on energy issues and staffs the Energy Policy Committee. She also monitors and tracks legislation on federal issues. She is the Executive Director of NJBIA's public policy affiliate, the New Jersey Policy Research Organization Foundation (NJPRO).



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David is responsible for environmental affairs and serves as staff director of NJBIA's Environmental Network. David also serves as the Deputy Executive Director of the independent pro-business PAC, NEW JOBS.



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Art represents NJBIA in its economic development and taxation activities and is staff director of these policy committees. Art also serves as Executive Director of the independent pro-business PAC, NEW JOBS.



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Frank lobbies for NJBIA on transportation issues. He is also Executive Director of the Employer Legislative Committees (ELCs) and coordinates the Manufacturing Network.



Christine Stearns, Vice President of Health & Legal Affairs
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Christine lobbies for the Association on healthcare and legal issues. She serves as staff director of the Association's Health Affairs and Legal Affairs Committees.



*Celebrating a Century of
Service to NJ Business*

Visit www.njbia.org/memberinfo to sign up for an NJBIA Policy Committee or electronic Issue Network.

NJBIA.... Your Partner in Business

NJBIA member companies receive exceptional benefits and services to help them meet the challenges of doing business in New Jersey.

Members can access powerful networking and business-development opportunities through exposure to NJBIA's diverse membership of 22,000 companies. Members can count on our staff to help them solve their business problems and save them time and money in areas like health insurance, taxes and regulatory compliance.

NJBIA members are also the first to learn about new laws and regulations and how to avoid costly legal liabilities. They receive a wealth of valuable information from NJBIA and our flagship publication, *New Jersey Business* magazine.

An important benefit is the ability of NJBIA members to apply for property/casualty insurance coverage with New Jersey Manufacturers Insurance Company (NJM). The top-rated NJM offers exceptional service and a history of dividends paid to policyholders in every year since 1918. Companies can apply for workers' compensation and commercial auto coverage. Employees can apply for personal auto and homeowners' coverage.

NJBIA members enjoy these exceptional benefits while paying dues that are among the lowest in the nation.

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