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At Issue

Our Poor Business Climate: Does Trenton Understand?

An old adage states “Where you stand determines where you sit.” The same can be said regarding New Jersey’s business climate. It’s clear where NJBIA member employers all across this state stand on the health of our business climate: by a better than two to one margin, 2007 Business Outlook Survey respondents view the state as a poor place for business expansion. Judging by the year end actions of various policy makers in Trenton, however, our employers’ overwhelming concern for the future is not shared by many of those who sit in the state capitol. How else to explain these clearly anti-business measures touching some of our employers’ most important concerns emanating from different corners of Trenton at the conclusion of 2006?

Controlling the Cost of Doing Business. Paying for employee health insurance is the dominant concern facing NJBIA members, but that did not deter state senators from supporting a bill requiring unlimited coverage for mental health and substance abuse in health insurance plans sold to businesses. As any individual or employer who buys any type of insurance knows, the more coverage that is mandated, the more expensive the insurance. There are many reasons that New Jersey’s cost of doing business is so high—some controllable by government and some not. At the very least, state lawmakers should not work to make a bad situation even worse by raising health insurance costs.

Managing the Workplace. Unions and pro-labor lawmakers have pledged to make New Jersey the second state in the nation to mandate paid family leave. The current plan is to provide 12 weeks of paid family leave to every employee working for every employer, regardless of size. This leave is in addition to the 26 weeks paid leave provided under New Jersey’s current temporary disability program. This man-

date will negatively impact small business workplaces where employers will be forced to cope with prolonged absences of key employees and the hiring, paying and training of temporary replacement workers or the payment of overtime to current employees. Enacting this law will cement New Jersey’s reputation as a state that fails to reconcile its workplace laws with common practices in other states.

Controlling Employer Property Taxes. While Governor Corzine and the state Legislature debate the size of property tax credits for residential taxpayers, commercial and industrial property owners are still waiting for measures to control their property taxes such as reducing the number of redundant local governments and government employees, conforming government employee pension and health benefits to private sector practices and enacting strict caps on local government spending and property tax rates.

Attracting Employers to New Jersey. New Jersey’s leading job incentive program, the Business Employment Incentive Program (BEIP) grant, is without question New Jersey’s most popular and successful job creation program. Since its inception in 1996, BEIP recipient employers are directly responsible for the creation of over 67,000 jobs and \$10.8 billion of investment all across New Jersey. However, legislation moving in the state Legislature would gut the BEIP by requiring grant recipients to pay union-scale prevailing wages for work done anywhere in their workplace. The BEIP employer is responsible even if the contractor is working for a landlord or general contractor not under the supervision of the employer. What prospective New Jersey employer would apply for BEIP grants knowing it would be placed at risk due to the actions of an unaffiliated third party contractor?

NJBIA’s most recent Business Outlook Survey confirmed what a lot of us already know—New Jersey’s government makes it a lot harder to do business than it needs to be. Hopefully, our elected representatives will get the message. 