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At Issue

NJBIA Continues to Press for Manufacturing Renewal in NJ

This month marks the third anniversary of NJBIA's *Manufacturing Counts! Campaign for Manufacturing Renewal*—our effort to emphasize the important role manufacturing plays in New Jersey's economy. The Campaign has made great strides in the last three years, successfully lobbying to eliminate the alternative minimum assessment and to fully restore deductions for net operating losses. We have had other legislative victories as well. Now it's time for the next step.

NJBIA is pushing for passage of several pro-manufacturing bills between now and the end of the year. These bills are aimed squarely at the biggest obstacle to manufacturing success in New Jersey—the State's high cost of doing business. Here is a look at the bills.

Business Retention Act Expansion. New Jersey has an excellent program called the Business Retention and Relocation Assistance Act. Under the program, businesses are eligible for a one-time business tax credit of up to \$1,500 for each job they keep in New Jersey or bring here from another state. The credits are applied to the corporation business tax and insurance tax. Applicants must provide evidence that the business or its predecessor has been operating, in whole or in part, in the state for at least 10 years and had plans to relocate.

In order to qualify, however, businesses must be ready to relocate or retain at least 250 jobs. This requirement makes hundreds of smaller companies ineligible. **A-1696 (Fisher, Van Drew)/ S-80 (Kean T.)** would extend program eligibility to businesses relocating and retaining at least 50 full-time jobs within New Jersey, instead of the current 250 jobs.

Manufacturing Equipment Tax Credit. **A-1283 (Manzo, Chivukula)** would encourage manufacturers to expand their plants and modernize their operations by providing them with a tax credit equal to 20 percent of the costs of such projects. The

credit could be based on the cost of manufacturing equipment installed at a manufacturing facility and improvements or additions that result in the renovation, modernization or expansion of a manufacturing facility in this state. Efficiency and productivity are the lifeblood of manufacturing, and it should be state policy to promote improvements in this area.

Procurement Preference for New Jersey Manufacturers.

A-1919 (Burzichelli, Greenwald)/S-1020 (Sweeney, Rice) would give New Jersey-made products a preference in the awarding of bids for certain State and local contracts. Qualified manufacturers operating in New Jersey would get an edge when it comes to competing for state business. After all, if a government entity has to buy a product for its operations, it only makes sense to do this in a way that supports our workers and our jobs here in New Jersey.

Energy Tax Cut. Manufacturers, with their large machine-driven operations, are among the biggest energy consumers in the state. They also pay a whopping 10 percent in taxes on the energy they use. In addition to the state's standard sales and use tax, New Jersey imposes an additional transitional energy facility assessment (TEFA). TEFA was imposed when New Jersey's energy market was deregulated in the 1990s, and it was supposed to have been phased out by now. **A-1993 (Cryan, Vas)/S-1578 (Rice, Bucco)** would both eliminate the TEFA and the sales tax on energy and utility service for manufacturing facilities, effectively cutting manufacturers' energy costs by 10 percent.

A main goal of NJBIA's Manufacturing Campaign has been to persuade legislation to support manufacturing. Because New Jersey manufacturers operate in one of the highest-cost states in the nation, we have been losing manufacturing jobs and businesses to lower-cost states. But New Jersey manufacturers still provide 321,000 jobs directly and indirectly support another 180,000 through the goods and services they purchase to support their operations. Manufacturing is alive in New Jersey. At NJBIA, we are working to keep it that way. **;**