



by Melanie Willoughby
Senior Vice President,
Government Affairs

At Issue

Positive Solutions for NJ's Business Climate

When it comes to New Jersey's business climate, we all know the problems: high costs, burdensome regulations, and growing competition from neighboring states. But what about solutions?

NJBIA has a long record of offering detailed, probusiness policy initiatives to legislators. Just this year, we presented the Governor, the state Senate and Assembly with our *Agenda for Economic Growth*, which contained dozens of probusiness initiatives on everything from reforming health insurance to building a more business friendly tax climate. Now, thanks to our research affiliate NJPRO (the NJ Policy Research Organization), we have a new tool for improving New Jersey's business climate.

Last September, NJPRO undertook a comprehensive study to find out what the state was doing right and wrong in retaining current and attracting new businesses. NJPRO conducted both a telephone poll of 249 state business leaders and a separate set of interviews with 29 New Jersey and out-of-state business and government leaders. It conducted a thorough analysis of state business-climate rankings and studied the business policies of 18 individual states.

The result is a report entitled: *Economic Policies and Solutions: Making New Jersey a Better Place for Business*.

By going directly to the decision makers who decide where to locate businesses, NJPRO was able to discover what motivated them. The report also found that 42 percent of business leaders believed that the New Jersey business climate will deteriorate if conditions remain unchanged. Many of them were frustrated by the costs of doing business and dealing with the state's increasingly demanding environmental and labor regulations. At the same time, business executives considered New Jersey's highly skilled workforce the state's greatest resource, although many felt more should be done to provide blue-collar workers with the skills needed to succeed in modern industry.

NJPRO went beyond merely looking at the problems; it studied the policies of other states to try to find solutions. Like it or not, New Jersey is competing with other states to create jobs by attracting new businesses. If these states have formed policies that created new advantages for them, then New Jersey should put similar policies in place.

The NJPRO report offers almost 40 specific recommendations for state policymakers to consider. The top five are:

- Let businesses reduce their state tax burden by carrying their losses forward for the same number of years allowed for federal taxes and by basing their tax liability on what they sell in New Jersey, not on whether they have in-state employees or own property here.
- Give businesses a quick, efficient system for obtaining permits and licenses. Upgrade the state's business Web site to help businesses understand, apply for, pay, track and obtain the licenses and permits they need to operate legally.
- Fix the state's tort laws. New Jersey has become the destination of choice for plaintiffs wanting to sue businesses.
- Do a better job of funding academic R&D and creating research partnerships between universities and businesses.
- Control the costs and improve the quality of the state's healthcare plans.

NJBIA believes these recommendations are very practical. Many other states have adopted similar policies and have achieved positive results. There is an urgent need for New Jersey to follow suit. We have already lost 14,000 jobs this year, and unless the business climate improves, employment will continue to shrink.

New Jersey's economic problems run deeper than the current slowdown. For decades, we led the nation in job growth, but for the last 7 ½ years, our rate of job growth has lagged significantly behind the national average. Clearly, businesses have been voting with their feet, leaving New Jersey for states that have implemented better policies and greater incentives for firms to relocate. This is not going to change if we keep doing the same old thing. Thankfully, NJPRO has provided New Jersey with a blueprint to get back on top again. Let's put it to good use. ♣