

B U S I N E S S V O I C E



Vol. 9, No. 11

December 2006

Many NJBIA Recommendations Included in Legislature's Property Tax Reform Package

The legislative committees studying ways to reduce New Jersey's highest-in-the-nation property taxes have released 98 reform recommendations, including one that would reduce most homeowners' property tax bills by 20 percent in the first year.

To keep members informed about how property tax reform will affect them, NJBIA has created a new Web page, "Property Tax Facts," which can be found at www.njbja.org/issues_property.asp.

NJBIA has pushed for reforms that will reduce local government spending, but not shift the tax burden onto the business community. Many of NJBIA's ideas made it into the final committee reports.

The Constitutional Reform committee, for example, recommended preserving the State Constitution's uniformity clause, which prevents local governments from taxing business properties at higher rates than residential properties. The Public Employee Benefits committee recommended increasing the retirement age for new public employees to 62 from 55 and repealing a 9 percent pension benefits increase enacted in 2001.

The benefits committee also recommended that all active public employees and future retirees pay a portion of their health insurance premiums, but left the specific amount to be achieved through collective bargaining.

The Governor has insisted that most pension and other benefits changes be made through collective bargaining instead of

through legislation. Substantial reform in pensions and health benefits for public employees is essential if there is to be sustainable property tax relief.

The Government Consolidation and Shared Services committee recommended that an independent commission "facilitate municipal mergers and shared services." It called for incentives and penalties to encourage the process. It also called for expanding the powers of the 21 county school superintendents to reduce school administrative costs and for creating a county-wide school district pilot program.

The School Funding committee recommended creating one new school funding formula based on students' needs, not their residence. This would direct more aid to suburban school districts whose State aid has been held flat for the last five years.



Samuel Missimer of the Dig/Design Ideas Group (center) stops to look at the Rutgers University table display with Margaret Acciani and Mathias Kaiser of Rutgers at the Selling to the Top seminar in November, one of three NJBIA held recently.

See page 4.

ASK THE EXPERTS

Do you Need a Dumpster Permit?

(See page 5)

HIGHLIGHTS

	Page
24-hour Paid Leave Clears Senate Panel	2
NJ Ranked 'Worst' State for Small Business	2
Senate OKs Mental Health Mandate that Would Drive Up Insurance Costs	3
Hundreds Get Great Tips at NJBIA Seminar Series	4
Good Neighbor Nomination Deadline February 5	6
Get all the 'Property Tax Facts' Online	7
2007 Tax Withholding Changes	8

Legislative Update

Twenty-Four-Hour Paid Family Leave Bill Clears Senate Panel

Legislation that would require employers to provide 24 hours of paid family leave for employees with “special needs children” so they can attend school conferences, meetings and events was recently released by the Senate Labor Committee.

S-1443 (Ciesla) would require employers with 50 or more employees to provide the leave in addition to any other paid leave (sick-time, vacation) employees already receive. The definition of a “special needs” child is so broad that virtually any child could qualify. Parents would be able to establish the special needs status themselves, without the confirmation of any licensed professional, and could cite such common prob-

lems as bad grades or tardiness. Furthermore, the leave could disrupt work operations for as many as 24 days, since the leave could be taken in one-hour intervals.

Most employers already have policies that accommodate employees’ family responsibilities. Legislators should not try to impose a one-size-fits-all mandate on employers. Furthermore, New Jersey should do all it can to retain and attract businesses, not add new mandates that would discourage business expansion. The measure has been referred to the Senate Budget and Appropriations Committee. For more information, contact John Rogers at ext. 209, or jrogers@njbja.org.

New Jersey Ranked Worst State to Operate a Small Business

The national Small Business and Entrepreneurship Council has ranked New Jersey 50th in the nation in its Small Business Survival Index, confirming again that the State suffers from one of the worst business climates in the country.

The “Small Business Survival Index 2006” analyzes 29 different government-imposed or government-related costs, including taxes, regulations and government spending, to determine which state governments were friendliest to small businesses and entrepreneurship. The best small business climates were found in South Dakota and Nevada, and other rankings included Pennsylvania at 16th, Delaware at 19th and New York at 45th.

New Jersey’s poor business climate is taking its toll. For the third straight year New Jersey’s private-sector job creation has been weak, lagging well behind the nation. The Governor and Legislature must work with business to cut health insurance and energy costs, reduce taxes and fees, and remove regulatory burdens and costs.

‘Union’ Wage for BEIP Grants Clears Panel

The Senate Labor Committee has released a bill that would force any business receiving Business Employment Incentive Program (BEIP) grants to pay prevailing wages on construction projects. NJBIA opposes **S-2247 (Sweeney)** because it would cripple the State’s most effective job-creation program. Prevailing wages drive up construction costs by forcing contractors to pay union-scale wages to nonunion workers. Prevailing wages now must be paid on public construction projects, but S-2247 would extend them to privately funded BEIP projects. For many employers, paying prevailing wages would nullify any benefits received from BEIP grants. For details, contact Art Maurice at ext. 247, or amaurice@njbja.org.

BPU Business Ombudsmen

In 2005, NJBIA won a law creating a business ombudsman within the NJ Board of Public Utilities (BPU). On October 31, the BPU created the new Business Ombudsman’s Office headed up by two managers—Joseph Sullivan, the ombudsman, and Ronald Reisman, manager of business outreach. The ombudsman will help New Jersey businesses get assistance with: 1) energy-efficiency subsidies and grants, 2) third-party energy suppliers and State energy programs, and 3) State energy costs. Contact Sara Bluhm at ext. 204, or sbluhm@njbja.org.

Senate Approves Mental Health Mandate That Would Increase Employers' Health Plan Costs

The Senate has passed a bill that would require employers to pay for unlimited coverage for treatment of behavioral problems and substance abuse, despite vehement opposition from NJBIA and its member companies.

The Senate Budget and Appropriations Committee released the expanded mental health coverage bill, **S-807 (Vitale, Buono)**, on November 27, and the Senate approved it December 4.

"The bill would force New Jersey employers to pay for unlimited mental health coverage at a time when skyrocketing premiums have them questioning whether they can even afford to provide health benefits at all!" said NJBIA Vice President Christine Stearns.

New Jersey employers already pay some of the highest health insurance costs in the nation. In

2006, New Jersey employers' premium costs rose 6.8 percent over 2005 to \$8,776 per worker, according to an annual study by consultants, Mercer Health & Benefits. That's 17 percent higher than the national average of \$7,523 per worker.

Adding expensive, new mandatory coverages at a time when employers are struggling to keep up with current health insurance cost increases is ridiculous.

The vote came despite NJBIA's efforts to block the bill. NJBIA members sent more than 5,300 messages to their State senators opposing the legislation. The vote also came just one week after NJBIA's 2007 Business Outlook Survey showed only 17 percent of employers think New Jersey is a good place for business expansion.

"This legislation will put ad-

ditional burdens on many small businesses that are already struggling with skyrocketing costs," Stearns said. "Many employers have reached the breaking point and will drop employee health benefits. Imposing this mandate will cost real people all of their health insurance benefits. Not only will they have no access to treatment for behavioral disorders, but they will lose coverage for hospitalization, prescription drugs, doctor visits, blood tests, and everything else."

Stearns also pointed out that such a mandate would apply primarily to small businesses (those with two to 50 employees) that obtain health benefits through the State's regulated market. Thus, this mandate would be imposed on the small employers who can least afford it.

Business Protections Needed in State's Eminent Domain Reform

Although the eminent domain debate in New Jersey has focused primarily on homeowners, business issues need to be addressed in any reform bill, NJBIA said at a recent public hearing.

NJBIA Vice President David Brogan said reform legislation should ensure that businesses are compensated for the value of their business, not just the value of the real estate that is taken. The legislation should also set a higher standard for taking a property and improve the condemnation process with better notification and greater transparency. Brogan testified before a Senate panel during a recent hearing in Lakewood.

In addition, eminent domain reform should recognize that many business owners rent the property on which they conduct their business. Under existing eminent domain law, business owners receive no compensation if the property they rent is taken. NJBIA believes that business owners should be compensated for goodwill, which is the intrinsic value of a business beyond the value of the property on which it stands.

Many of these provisions have been included in **A-3257 (Burzichelli)**, approved by the Assembly earlier this year. For more information, contact David Brogan at ext. 236, or dbrogan@njbja.org.

Quote of the Month

"[S-807 (Vitale, Buono)] would force New Jersey employers to pay for unlimited mental health coverage at a time when skyrocketing premiums have them questioning whether they can even continue to provide health benefits at all!"

~ NJBIA Vice President
Christine Stearns

NJBIA Seminars

NJBIA Members Get Tips on 'Selling to the Top', Environmental Compliance and Lawsuit Protection

Hundreds of business owners and managers received helpful tips and made key contacts at three recent NJBIA seminars on negotiating the State's environmental bureaucracy, selling to the State's biggest buyers, and complying with employment laws.

At NJBIA's seminars, members hear from both the government officials who are responsible for enforcing laws and regulations and the business professionals who can give practical advice on how to comply with them.

DEP Compliance

Take NJBIA's *How to Comply with State Environmental Regulations* seminar, for instance.

Officials with the NJ Department of Environmental Protection (DEP) and private-sector experts explained New Jersey's environmental regulations to 100 attendees, who also received a complimentary copy of NJBIA's Environmental Compliance Handbook (an exclusive benefit for NJBIA mem-



Frank Brill (right), editor of *EnviroPolitics*, networks with one of the 100 attendees at NJBIA's Environmental Compliance seminar, held November 15 at the Forsgate Country Club.

bers).

It's impossible for one person to be an expert in all aspects of environmental regulation. As environmental lawyer Edd Hogan of Norris McLaughlin & Marcus, PA put it: "Today's topics, which will be covered by environmental experts in their respective fields, will

provide you with a good foundation of the key environmental permitting issues that impact your business."

The panelists offered plenty of useful tips. First, do not assume that a particular regulation does not apply to your business. If you're wrong, it could lead to big fines. "Take the position that you will need a permit," said attorney John McKinney, Jr. of Wolff & Samson PC, "and see if you can get exempt. Don't do it the other way around."

Second, use general (all-purpose) permits if at all possible. General permits can be obtained quickly (applications are online and can be approved on the same day), but you have to abide by their pre-established standards. "There's no negotiating," said Toby Hanna of Environmental Resources Management, Inc., "that's the downside."

Third, keep good records, especially for those occasions when the DEP inspector shows up. "If you are organized and the DEP comes to inspect, it makes a favorable impression," said Patrick Mottola of Norris, McLaughlin & Marcus, PA.

Selling to the Top

At NJBIA's *Selling to the Top*: Do-



Nina Moseley (left) of the NJ Commerce, Economic Growth & Tourism Commission chats with Wendy Haenssler of Haenssler Sheet Metal Works at NJBIA's *Selling to the Top* seminar.

ing Business with New Jersey Top Companies and State Government, 150 attendees met one-on-one with purchasing agents from the State and companies like PSEG and sanofi-aventis, and they got great advice from the people who do the buying.

Panelists emphasized some obvious things—neatness, following instructions, and getting proposals in on time—as well as the tips that make a proposal stand out.

Many purchasers want to get to the point—the service or product to be provided and how much it's going to cost. "If we have to dig through a lot of flowery boilerplate, it just wastes everybody's time," said Joseph DiPaolo of Atlantic Health System.

State business is done in the open, said Alice Small, who runs the NJ Division of Purchase and Property. Requests for proposals (RFPs), questions and answers about specifications, and even the awards themselves are conducted publicly so that all companies have a fair chance. Bidders can even challenge the bid specifications.

(cont'd on page 5)

ASK THE EXPERTS!

By Dave Brogan, Vice President for Environmental Policy



Ask the experts is a new feature of the *Business Voice* offering practical advice based on questions frequently asked by NJBIA members.

Q. I have just been notified that I need a Basic Industrial NJPDES Stormwater Permit because I have open dumpsters outside my facility. What is this permit and how do I obtain it?

A. NJPDES stands for New Jersey Pollution Discharge Elimination System and falls under 7:14A of the NJ Administrative Code (NJAC). The NJ Department of Environmental Protection (DEP) regulates both point sources (discharge pipes) and non-point sources (run-off from streets, open dumpsters, lawns etc.) of pollution to various water bodies.

The DEP is stepping up their efforts to monitor, regulate and ultimately eliminate pollutant discharges that impact water bodies in the State. Therefore, while you may have never been required to get a permit before, you may be

required to obtain one now. In your case, the open dumpsters are triggering your need to get the permit. Because they are not in an enclosed or covered area, rainwater is able to infiltrate the contents, pick up pollutants and drain into the storm-water system.

Certain types of facilities have specific NJPDES storm-water permits due to their operations, such as scrap metal facilities or manufacturers of concrete products. So, depending on the type of operation or manufacturing conducted at the facility, you may need a specific type of NJPDES permit. The Basic Industrial Storm-water Permit you mentioned is for facilities that have eliminated or can eliminate within 18 months all exposure of industrial source material to storm water. This permit also requires permit holders to prepare, submit, and implement a Storm-water

Pollution Prevention Plan (SPPP), thereby eliminating the exposure.

In your case, the SPPP would include placing the dumpsters in an area that is enclosed or an area with a cover or awning that would prevent rainwater from coming into contact with the contents in the dumpster and draining into the storm drain.

Information and applications concerning storm-water permitting and management programs can be found on the DEP Web site at www.nj.gov/dep/stormwater/ or call them at 609-633-7021. This Web site has information on the various types of storm-water permits DEP issues. In your case, scroll towards the bottom of the page and click on "stormwater permits." Then click on "storm-water discharges" and you will find information on the Basic Industrial Stormwater permit, as well as the SPPP.

You can also contact Ky Asral, Manager of the DEP's Small Business Assistance Program (SBAP). His telephone number is 609-292-3600. The SBAP was created to assist small businesses with a host of environmental compliance issues.

Finally, take a look at NJBIA's updated *Environmental Compliance Digest*, which provides an overview of most of the permits required by the DEP. This can be found on NJBIA's Web site at www.njbja.org/issues_environment.asp or ask for a bound copy by contacting Sandy Lavery at 609-393-7707, ext. 221, or sandylavery@njbja.org.

NJBIA Seminar Series *(cont'd from page 4)*

Small said anyone interested in doing business with the State should use the purchasing Web site, www.nj.gov/treasury/purchase. "If I can get all of you to put our Web site on your favorites, I will have done my job."

Hot Legal Topics

A panel of experts showed about 160 attendees how to stay out of legal trouble by documenting all of their personnel decisions.

They covered some of the pitfalls that employers run into in hiring or firing employees and putting together employee handbooks, as well as complying with wage and hour laws and protect-

ing themselves against workplace harassment lawsuits.

The key: properly document everything that pertains to an employment decision. Providing proper documentation, for instance by documenting the reason for a promotion or the cause of disciplinary action, can make all the difference in a subsequent legal challenge.

The seminar detailed not only the importance of creating a paper trail for such decisions, but also the need to periodically review business policies to ensure that managers and employees follow them correctly.

NJBIA Programs & Benefits

Visit Events and Seminars at www.njbja.org to register for events online.

MEET THE DECISION MAKERS SERIES 2007

Find out what the Corzine Administration has planned for New Jersey over the next year. In four separate breakfast meetings, you will hear from Governor Jon Corzine's key advisors and cabinet members. Each breakfast will run from 7:45 a.m. to 10:00 a.m. at Forsgate Country Club in Monroe Township. The cost for each breakfast is \$69 per person for NJBIA members and \$105 for nonmembers. For more information, contact Stacy Wichner at 609-393-7707, ext. 213. Call Sherry Esteves at ext. 219 to become a sponsor. Attend one or all of these events.

WEDNESDAY, FEBRUARY 21

David Socolow, Commissioner, NJ Department of Labor & Workforce Development

FRIDAY, MARCH 23

Bradley Abelow, State Treasurer

WEDNESDAY, APRIL 11

Representatives of the Governor's Office

Thomas Shea, Chief of Staff,
Ken Zimmerman, Chief Counsel,
Jeannine LaRue, Deputy Chief of Staff,
Patti McGuire, Deputy Chief of Staff,
Maggie Moran, Deputy Chief of Staff

WEDNESDAY, OCTOBER 3

Lisa Jackson, Commissioner, NJ Department of Environmental Protection

CALL FOR NOMINATIONS DEADLINE — February 5, 2007

NJBIA's 2007 New Good Neighbor Awards Competition

The 47th Annual New Good Neighbor Awards competition, sponsored by NJBIA, recognizes companies that have worked to bring about an improved business climate in New Jersey by building, expanding or renovating a commercial facility. Winners will be chosen based on economic benefit and job creation, architectural merit, and community involvement. Plants, offices, commercial buildings, and shopping centers may be nominated. Construction or capital expenditures at the nominated facility must have been completed between January 1, 2005, and December 31, 2006.

The nomination deadline is February 5, 2007. To request a nomination form, please call Katie Wittkamp at 609-393-7707, ext. 239, or visit www.njbja.org.

MEET THE LEGISLATIVE LEADERS SERIES 2007

At these briefing breakfasts, you will hear from legislative leaders who pass the laws that impact your business. Health insurance costs. State and local taxes. Environmental fees and permits. Energy costs. Whatever the issue, these are the people who will decide how to resolve them. Each event will begin at 7:45 a.m. with a full breakfast and a brief overview of NJBIA's legislative agenda, presented by NJBIA Senior Vice President Melanie Willoughby. A panel of legislative leaders from the area will offer their thoughts and answer your questions. Legislators from throughout the region will also be invited to attend, making this a tremendous networking event. The program will end at 10:00 a.m.

CENTRAL JERSEY Tuesday, April 17

Forsgate Country Club, Monroe Township, Speakers – TBA

Wednesday, September 26

Forsgate Country Club, Monroe Township

Hon. Richard Codey, Senate President,

Hon. Joseph Roberts, Jr., Assembly Speaker

The cost is \$69 per person, per event for NJBIA members, \$105 for nonmembers. For more information or to register, contact Stacy Wichner at 609-393-7707, ext. 213. Register online by clicking on Events and Programs at www.njbja.org. For more information on sponsorship, contact Sherry Esteves at ext. 219.

Senate Panel OKs 'Green-Building' Legislation But Puts Potential Mandates on Hold

The NJ Department of Community Affairs (DCA) would develop guidelines for so-called "green buildings" under S-2152 (Vitale, Bark), which has been approved by the Senate Economic Growth Committee. The committee withheld consideration of several other bills that would have required wide use of mandatory green-building codes after NJBIA raised objections.

Construction of green buildings incorporates energy and water conservation, use of renewable resources, smart growth, and other conservation techniques. Green-building construction currently is practiced voluntarily on a project-by-project basis. S-2152 authorizes the DCA to prepare a manual that would more precisely define "green buildings" and to write guidelines for their construction.

Although the amended bill did not mandate green-building codes,

it can be seen as a first step in doing so. Among the bills withheld from consideration was one that would require the use of green-building codes for new State buildings and affordable housing projects. Yet another measure would allow the DCA to add and update green-building code requirements to the energy section of the State Uniform Construction Code. Such a law would be costly for construction projects statewide.

The business community recognizes the value of voluntary green-building techniques. But green-building standards can be very costly, and employers should not be forced to spend extra money on construction that might not be cost effective or might raise rents to unacceptable levels. No other state has enacted mandatory green-building codes. New Jersey already has some of the highest

costs of doing business in the nation; the imposition of green-building codes would inflate those costs even more.

Instead of costly mandates, NJBIA urges legislators to employ financial incentives like grants and low-interest loans to encourage businesses to voluntarily use green-building standards. For more information, contact Sara Bluhm at sbluhm@njbja.org, or ext. 204.

NJBIA Thanks Its Annual Sponsors

Premier

AT&T

Jersey Central Power & Light Co., A First Energy Company

NJM Insurance Group/
NJM Bank FSB

Verizon New Jersey

Gold

MyWireless.org

South Jersey Gas/
South Jersey Industries

United Water New
Jersey



GETTING THE FULL BENEFIT

Spotlight on NJBIA Member Benefits

Property Tax Facts Web Site

NJBIA has carefully reviewed each and every one of the 98 recommendations released November 15 by the special legislative committees studying property tax reform in New Jersey. Now you can review all of those recommendations and see where we stand on a new section of our Web site, "Property Tax Facts."

We will continue to follow this issue closely, and this page will be updated frequently to keep you apprised of the latest information and progress on the State's property-tax-reform program and how it will impact on your business.

Visit the new section today at www.njbja.org/issues_property.asp.

Employers Face Tax Withholding Changes for 2007

Employers face changes in tax withholding rates and taxable wage bases for 2007. Higher personal exemptions and standard deductions and revised tax brackets are reflected in new federal income tax withholding tables. The social security (FICA) tax will apply to an increased taxable earnings base. On the State level, the maximum taxable wage base will rise for contributions to the State Plan Temporary Disability Insurance, Health Care Subsidy Fund, Unemployment Insurance Fund, and Workforce Development Partnership Fund. The following rates and wage bases are applicable in 2007.

SOCIAL SECURITY (FICA)

- Maximum taxable earnings — \$97,500 (up from \$94,200).
- Employee and employer tax rate — 6.2% (.062).
- Self-employed tax rate — 12.4% (.124).

MEDICARE (HI)

- Taxable earnings — unlimited.
- Employee and employer tax rate — 1.45% (.0145).
- Self-employed tax rate — 2.9% (.029).

FEDERAL INCOME TAX

- Modified federal income tax withholding tables will be mailed to employers in federal Circular E, reflecting tax bracket, standard deduction, and personal exemption annual cost-of-living adjustments.

FEDERAL UNEMPLOYMENT (FUTA)

- The employer FUTA tax will remain 0.8% (.008), after credits, of the first \$7,000 of each employee's earnings. No Federal Unemployment Insurance Tax is imposed on employees.

NEW JERSEY WORKFORCE DEVELOPMENT, UNEMPLOYMENT INSURANCE AND HEALTH CARE SUBSIDY FUND TAXES

- Employee and employer State Unemployment Insurance, Health Care Subsidy Fund, and Workforce Development tax rates will apply to the first \$26,600 of an employee's earnings.
- For 2007, employees are subject to a 0.0425% (.000425) Workforce Development Partnership Fund tax rate. The employee Unemployment Insurance (UI) tax rate remains at 0.3825% (.003825) of taxable payroll.

NEW JERSEY TEMPORARY DISABILITY INSURANCE (TDI)

- Maximum taxable wages — \$26,600 (up from \$25,800).
- Tax rate for employees covered by the State Plan TDI — 0.5% (.005) of taxable wages.
- Employer tax rate for the State Plan is based on each employer's claims experience.

NJ GROSS INCOME TAX

- Tax withholding rates for 2007 are unchanged.

Employee Benefits Rise in 2007

Employee maximum weekly benefits for Workers' Compensation, Unemployment Compensation, and Temporary Disability are adjusted annually to reflect increases in average taxable wages of covered employees. Amounts applicable in 2007 are set forth below.

NEW JERSEY UNEMPLOYMENT INSURANCE

- Maximum benefit for benefit years commencing on or after January 1, 2007: \$536 weekly (up from \$521).

TEMPORARY DISABILITY INSURANCE

- Maximum benefit (State plan) for periods of disability commencing in 2007: \$502 weekly (up from \$488).

WORKERS' COMPENSATION

- Maximum benefit applicable to temporary disability, permanent disability, permanent partial disability, permanent total disability, and dependency benefits awarded for injuries suffered in 2007: \$711 weekly (up from \$691).

Prepare Your Payroll the Easy Way

NJBIA is again offering the *Rapid Finder* Payroll Tax Deduction Tables, which provides easy-to-find combined New Jersey and federal tax deduction tables for employers with weekly payrolls. Cost is \$27 for members and \$37 for nonmembers. For details, call NJBIA's Member Services Department at 609-393-7707, ext. 224.