

# BUSS VOICE



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## ASK THE EXPERTS

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## NJBIA Advocates Spending Cuts and Benefits Reform at Property Tax Hearings

Continuing its push for reduced spending, not tax increases or shifting, as the best way to reduce New Jersey's highest-in-the-nation property taxes, NJBIA called for health benefits reform, pension changes, and greater consolidation and shared services at separate legislative hearings in October.

NJBIA believes all government employees should contribute toward their health insurance premiums, new employees should be moved into a 401k-style pension program, and local governments should be more forcefully encouraged to consolidate.

"Compensation for government employees exceeds compensation packages offered by private-sector employers," NJBIA Vice President Christine Stearns recently told the Joint Legislative Committee on Public Employee Benefits Reform. "Our members tell us that public employee compensation should reflect that received by similarly employed private-sector employees. No worse and no better. After all, government employees work for all of us."

Four joint committees will develop recommendations for property tax reform to be voted on by the Legislature before the end of the year. NJBIA is concerned that if local government spending is not reduced, lawmakers will look to increase business taxes instead.

On health benefits, most local government and school employees receive their health insurance through the State Health Benefits Program (SHBP), but contribute nothing toward the premiums and pay

only minimal deductibles and copayments. Stearns told the benefit reform committee that reasonable cost-sharing provisions should be implemented. She recommended that employees contribute 20 percent toward the cost of the premium, less expensive Preferred Provider Plans (PPOs) be more widely used, and copayments for doctor's visits and prescription drugs be increased.

On pensions, NJBIA recommended making the State's pension system more like the private sector's by moving from defined-benefit pension plans to defined-contribution plans. Today, taxpayer-funded, defined-benefit plans are simply unaffordable as employees retire earlier and retirees live longer than ever before. NJBIA believes new employees and those with fewer than five years in the State pension system should be moved into a defined-contribution plan.

NJBIA also proposed eliminating lump-  
*(cont'd on page 2)*



NJBIA President Philip Kirschner (center) stands with representatives of McCarter & English, Edward Fanning (left) and David Kott. The company won a Public Service Award at NJBIA's annual Awards for Excellence Dinner, October 17 at the Hilton East Brunswick.

# Corzine Kicks Off Overhaul of New Jersey's Energy Master Plan

The Corzine Administration will undertake a comprehensive examination of how to meet New Jersey's future energy needs under an Energy Master Plan initiative that Governor Corzine kicked off last month. The Governor said the plan would address three areas: the security, safety, price and reliability of energy supplies and services; the economic impact of energy production, transportation, and end use; and the environmental impact associated with the production of energy.

The first Energy Master Plan was created in 1991. It was supposed to be redone every ten years and updated every three, but no changes have been made since 1995. The business community has a big stake in energy policy. Employers are the State's largest ratepayers and consumers of electricity. New Jersey's industrial ratepayers pay the fifth highest electricity rates in the country. Issues such as the price and reliability of energy and State-mandated limits on the consumption of energy are very important to employers.

The business community has also been at the forefront of advancing technology, encouraging demand-side management, and undertaking energy efficiency. NJBIA advocates the greater use of energy audits for business ratepayers to help lower energy costs through improved energy efficiency. The Association looks forward to being a key participant in this process as it unfolds over the next 12 months.

As the Energy Master Plan is created, documents will be posted at [www.nj.gov/emp](http://www.nj.gov/emp). For more information, contact Sara Bluhm at ext. 204, or [sbluhm@njbja.org](mailto:sbluhm@njbja.org).

## NJBIA Compensation Report (2006-2007)

### An Invaluable Reference Guide for Business Owners Now Available

Wages. Salaries. Bonuses. Annual compensation increases. In hiring qualified employees or retaining talented staff, you want to ensure that your pay scale is competitive with that of employers in your field and within your region.

Dealing with these issues can be confusing and unnerving. Avoid unnecessary anxiety! NJBIA has a cost-effective remedy. The *NJBIA Compensation Report (2006-2007)* is the most complete guide to salary and wages in your region. It contains valuable information on over 200 job classifications within 13 job families. The report also contains breakdowns by five geographic regions within the State for most jobs listed, along with statewide totals for all jobs.

NJBIA members can purchase this handy and invaluable reference guide at a discount! The cost is \$95 for NJBIA members and \$200 for nonmembers, plus 7 percent NJ sales tax. To purchase a copy, contact Member Services at 609-393-7707, ext. 224.

## NJBIA Advocates

*(cont'd from page 1)*

sum payments for years of unused sick time, pension padding (basing pension on a late-career move), and pension tacking (holding multiple government jobs).

Testifying recently before the Joint Legislative Committee on Government Consolidation and Shared Services, NJBIA Director Christopher Emigholz said the business community supports legislation that will encourage the 1,689 local government entities to share services and consolidate their operations. Specifically, NJBIA supports **A-51 (Roberts)**, which would simplify the State's patchwork of laws that govern shared services and consolidation; **A-54 (Roberts)**, which would grant county school superintendents greater authority to reduce costs in school districts; and **A-55 (Panter)**, which would make it easier for the public to get detailed information on municipal and school spending.

However, NJBIA opposes a constitutional convention to reform the State's property tax system because it would be dominated by groups with a vested interest in keeping spending high.

NJBIA First Vice President Arthur Maurice recently testified before the Joint Legislative Committee on Constitutional Reform that the constitutional convention legislation passed by the Assembly prohibited the convention from even dealing with the issue of spending.

For more information, contact Art Maurice at ext. 247, or [amaurice@njbja.org](mailto:amaurice@njbja.org).

## Legislative Update

### Costly Paid-Family-Leave Mandate Would Cause Hardship for Many New Jersey Employers

Legislation was introduced October 16 that would impose a 12-week, paid-family-leave mandate on businesses with as few as two employees.

The bill, S-2249 (Sweeney), would fund the leave from the existing Temporary Disability Insurance (TDI) program to pay employees to take up to 12 weeks off to be with a sick family member. Employers would be prohibited from requiring employees to use more than two weeks of employer-provided time off, such as sick days or vacation. The measure has been referred to the Senate Labor Committee, which the sponsor chairs.

Enactment of a paid family leave mandate would hurt businesses, small and large. Even under the existing unpaid leave laws, businesses with fewer than

50 employees are exempt because policymakers recognized that an employer cannot operate if key people are out for almost three months. Under this bill, tens of thousands of small businesses that had never been forced to deal with unpaid leave would suddenly have to deal with a full-fledged paid-family-leave act. All businesses would have to pay expensive overtime and hire temporary employees, and they could end up paying much higher temporary disability insurance (TDI) payroll taxes. The time needed to train temporary workers and the drop-off in effectiveness compared to regular workers would lead to a tremendous decline in productivity.

NJBIA strongly opposes any State-mandated paid leave program. Imposing such a broad

mandate on each and every employer in the State would create great hardship. Many employers have generous leave policies for employees, but carefully tailor them to fit the particular needs of their workplaces. A one-size-fits-all mandate would be a costly disaster and should be rejected outright.

Furthermore, enactment of a paid-family-leave mandate would make New Jersey only the second state in the nation to have paid family leave (the other being California), putting our companies at a competitive disadvantage and reaffirming New Jersey's reputation as an anti-business state. For more information, contact John Rogers at ext. 209, or [jrogers@njbja.org](mailto:jrogers@njbja.org).

### Tax Foundation Again Ranks New Jersey's Business Tax Climate 48th in the Nation

For the second year in a row, New Jersey's business tax climate was ranked 48th in the country by the National Tax Foundation, solidifying New Jersey's reputation as a high-business-tax state.

Only Rhode Island and Ohio were deemed to have worse business-tax climates than New Jersey. In surrounding states, Delaware was ranked 9th, Pennsylvania 22nd, Connecticut, 36th, and New York, 47th.

Although New Jersey's overall score increased slightly, NJBIA President Philip Kirschner said such consistently low rankings were a cause for great concern by the business community and have hurt the State's economic competitiveness.

"About the only good thing you can say about New Jersey's ranking is that we are not dead last," he said. "It's kind of like being the Pittsburgh Pirates and saying: 'Well, at least we're not as bad as the Cubs.'"

A copy of the National Tax Foundation report can be found online at [www.taxfoundation.org/files/bp52.pdf](http://www.taxfoundation.org/files/bp52.pdf).

#### Quote of the Month

"Our members tell us that public employee compensation should reflect that received by similarly employed private-sector employees. No worse and no better. After all, government employees work for all of us."

~ NJBIA Vice President  
Christine Stearns

# NJBIA Honors Member Companies at Awards for Excellence Dinner

NJBIA honored nine companies at its annual Awards for Excellence Dinner, which was held on October 17 at the Hilton East Brunswick.

The Awards for Excellence program recognizes employers for creating jobs, protecting the environment, being outstanding employers, and serving their communities.

“Our Awards for Excellence winners have had a very positive impact on the lives of their employees, their communities, the environment, and New Jersey,” NJBIA President Philip Kirschner said. “They deserve to be recognized for their outstanding work.”



## NJBIA Thanks its Awards for Excellence Sponsors

### Gold Sponsors

- AC Landfill Energy, LLC
- Atlantic County Utilities Authority
- Cooper University Hospital
- Fisk Alloy Wire, Inc.
- HSBC North America
- Johnson & Johnson
- Lockheed Martin
- Masterfoods USA
- McCarter & English, LLP
- Micro Stamping Corporation
- PSE&G
- Stahl & DeLaurentis, P.C.
- Wachovia Bank, N.A.

### Silver Sponsors

- Advance Realty Group
- Alcoa Investment Cast & Forged Products
- Aquis Communications Group, Inc.
- Arrow Group Industries, Inc.
- Atlantic City Electric
- Cardolite Corporation
- Junior Achievement of New Jersey, Inc.
- Langan Engineering & Environmental Services
- Lowenstein Sandler, PC
- NJ Council of Teaching Hospitals
- S.M. Electric Company, Inc.
- Sun National Bank



(From left) Dawn Schwartz and Catherine Millone-Richards of Junior Achievement of New Jersey, Inc., and HSBC North America representatives Keith Pladsen, Mina Lum and Mike Eden stop for a picture in front of HSBC's display. HSBC won a Public Service Award.



MDAdvantage Chairperson and CEO Patricia Costante accepts an NJBIA Award for Excellence in the Outstanding Employer category at the Awards for Excellence Dinner.



## Meet our Award Recipients

**Enterprise Award** winners, recognized for job creation, are:

**Advanced Health Media, Inc.**, Union  
DSCI, Eatontown

**Environmental Quality Award** winners, recognized for their environmental protection efforts, are:

**Atlantic County Utility Authority (ACUA)**, Pleasantville  
**Fisk Alloy Wire, Inc.**, Hawthorne

**Outstanding Employer Award** winners, recognized for meeting the needs of their employees, are:

**Cooper University Hospital**, Camden  
**MDAdvantage Insurance Company**, Lawrenceville

**Public Service Award** winners, recognized for community service, are:

**HSBC-North America**, Bridgewater  
**Lockheed Martin**, Moorestown  
**McCarter & English**, Newark

*An independent panel of judges reviewed the nominations; the panel included members of the Service Corps of Retired Executives (SCORE). Mercadien P.C., Certified Public Accountants of Princeton, verified the information supplied by the winning applicants.*



Advanced Health Media Co-Founder Joseph Luzi accepts an NJBIA Award for Excellence in the Enterprise category.

Rhonda Wexler and Lori Shaffer of Outstanding Employer Award-winner Cooper University Hospital proudly show off their company's display at the Awards for Excellence dinner.



Eric Fisk, president of Fisk Alloy Wire (center), accepts an NJBIA Award for Excellence in the Environmental Quality category at the awards dinner. The award was presented by NJBIA Trustee Matthew Wright (left) and NJBIA President Philip Kirschner.

John Kinkela (left) of Lenox China stops to talk to representatives from Environmental Quality Award winner Atlantic County Utilities Authority (ACUA), President Richard Dovey (center) and Jim Carney, during the awards dinner.



## ASK THE EXPERTS!

By John Rogers, Vice President for Human Resource Issues



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

**Q.** *I'm a home improvement contractor. I filed my registration with the State of New Jersey before the beginning of the year, but they haven't processed it. Can I still do home improvement jobs?*

**A.** Yes. Home improvement contractors who filed applications for registration with the NJ Division of Consumer Affairs before December 31, 2005, can continue to do work in New Jersey while their application is being processed. The division has provided a standard affidavit declaring that a complete application is pending before the State, the application fee has been paid, and the contractor has demonstrated general commercial insurance coverage as required by law (currently set at a minimum of \$500,000 per occurrence).

Visit [www.njconsumeraffairs.gov/contractors/hic\\_regstatus.pdf](http://www.njconsumeraffairs.gov/contractors/hic_regstatus.pdf) to obtain a blank copy of the affidavit. Contractors who need to prove that they applied in order to obtain building permits can use a certification, which they can obtain at [www.njconsumeraffairs.gov/contractors/hic\\_munipermit.pdf](http://www.njconsumeraffairs.gov/contractors/hic_munipermit.pdf).

The Home Improvement Contractor Registration Act was enacted in 2004 and required all home improvement contractors to register by December 31, 2005. However, the division has been unable to process the large number of applications it has received, so it is allowing the affidavits to be used instead.

Not all contractors are covered by the act. The law specifically exempts architects, professional engineers, landscape architects,

land surveyors, electrical contractors, master plumbers or other professionals licensed, certified or registered by the State who are acting within the scope of practice of their profession. Also exempt are those registered under "The New Home Warranty and Builders' Registration Act;" people working on non-commercial property that they or members of their family own; people employed by community associations or cooperative corporations; public utilities; and large home improvement retailers.

**Q.** *If I hire a construction contractor, do I have to withhold the payroll tax?*

**A.** A new law takes effect January 1, 2007, that requires New Jersey businesses that employ construction contractors who are not registered with the NJ Division of Taxation to withhold 7 percent

of any payments. You must then forward that amount to Taxation. As a business employing the contractor, you are also responsible for tax withholding for any subcontractors.

The goal is to ensure that contractors who are not registered in New Jersey contribute their share of payroll taxes for work they do in New Jersey. Unfortunately, if you fail to forward 7 percent from payments made to non-New Jersey contractors, you face the same penalties you would if you failed to pay your own payroll taxes.

Until further guidance is provided, NJBIA recommends that businesses engaging construction contractors request and retain the construction contractor's New Jersey taxpayer ID number, as well as the taxpayer ID number for any subcontractor employed by a prime contractor.



### GETTING THE FULL BENEFIT

#### Spotlight on NJBIA Member Benefits

Find Daily News Stories Important to Your Business at [www.njbja.org](http://www.njbja.org)

NJBIA recognizes that while you are hard at work keeping your business successful, you may not always have time to scour every newspaper in the State for the few stories truly important to your business. That's why we've done it for you.

Every day before noon, we provide links on our Web site to statewide news stories from The Asbury Park Press, Associated Press, Bergen Record, Star-Ledger, The Times, and other news organizations that cover news and trends directly affecting your business operations. Visit [www.njbja.org](http://www.njbja.org).

## NEW JERSEY EMPLOYMENT WATCH

### *Addition of 2,100 Jobs in September Fails to Offset Pattern of Weak Job Growth in NJ*

As the year draws to a close, 2006 is shaping up to be one of New Jersey's weakest non-recession years for private-sector employment growth in a quarter century.

Private-sector employment grew by 2,100 jobs in September, bringing the total employment gain for the first nine months to 14,700, an increase of less than one-half percent, according to official State labor statistics.

At this rate of growth, the State's private-sector employers can expect to add fewer than 20,000 new jobs in 2006. This is just half of the State's long-term, post-war average of about 40,000

as fast as it has in New Jersey.

New Jersey's unemployment rate has also been on an upward trajectory over the last year. Although it fell slightly to 5.2 percent in September from a 29-month high of 5.3 percent in August, it has been generally on the rise since hitting a low of 4.2 percent in May 2005. (The US rate in September was 4.6 percent.)

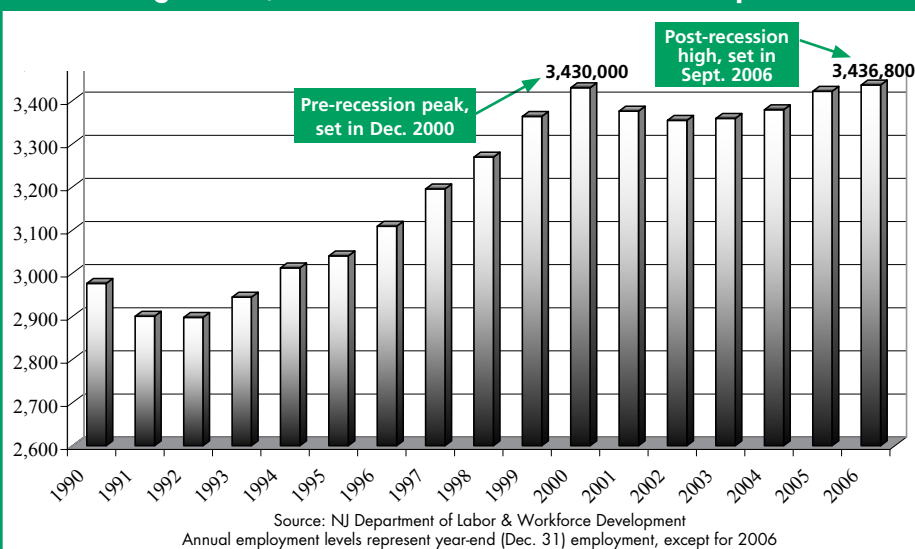
One way to gauge how weak New Jersey's private-sector job growth has been is to compare current employment levels to their peak in December 2000, just before the onset of the last recession.

employment growth has been consistent, with gains in the construction trades and most service industries offsetting losses in manufacturing and information services, a sector dominated by telecommunications.

As private-sector employment growth has slowed over the last six years, government employment has soared. Since December 2000, public-sector employment in New Jersey has expanded by a net 53,700 jobs, a 9 percent increase.

For more information, contact Christopher Biddle at ext. 227 or [cbiddle@njbia.org](mailto:cbiddle@njbia.org).

**Total Private-Sector Employment in NJ**  
Net gain of 6,800 Jobs between Dec. 2000 and Sept. 2006



new jobs a year and well below the average of 70,000 new positions added annually in the expansions of the 1980s and 1990s.

Unfortunately, weak job growth has been the rule, not the exception in the current expansion. Private-sector employment nationally has grown almost twice

Using this benchmark, one finds that total private-sector employment in New Jersey — at 3,436,800 jobs in September — is now just 6,800 jobs above the previous record that was set nearly six years ago.

Throughout the current expansion, the pattern of

## EDA to Require Prevailing Wage

The NJ Economic Development Authority (EDA) has approved new requirements for its Business Employment Incentive Program (BEIP) that could limit the number of employers who will utilize this successful job creation program. EDA will now write regulations to implement the new rules and publish them for public comment.

Among the changes is a new requirement that BEIP grant recipients pay prevailing wages on their construction projects. Prevailing wages are union-scale wages that drive up the cost of construction projects and could nullify any financial benefits gained by the BEIP grant. For more information, contact Art Maurice at ext. 247, or [amaurice@njbia.org](mailto:amaurice@njbia.org).

## NJBIA Programs & Benefits

Visit *Events and Programs* at [www.njbja.org](http://www.njbja.org) to register for events online.

### TUESDAY, DECEMBER 12 NJBIA Public Policy Forum

Governor Jon Corzine will be our keynote speaker at this annual high-level conference, which brings together New Jersey's top leaders in business and government for a thorough and lively discussion of current issues that have a great impact on New Jersey employers. The Governor will be joined by four of the State's top legislative leaders, seasoned political observers and experts on the New Jersey economy. Don't miss this great opportunity to network with fellow business colleagues!

The event will be held from 7:45 a.m. until 2:00 p.m. at the Sheraton at Woodbridge Place in Iselin (Exit 131A, Garden State Parkway). The cost is \$170 per person for NJBIA members and \$230 for nonmembers. Breakfast and lunch are included. To register, call Stacy Wichner at 609-393-7707, ext. 213. Gain high profile exposure by becoming a sponsor; contact Sherry Esteves, ext. 219.

### CALL FOR NOMINATIONS Deadline—Feb. 5, 2007

#### NJBIA's 2007 New Good Neighbor Awards Competition

The 47th Annual New Good Neighbor Awards competition, sponsored by NJBIA and *New Jersey Business Magazine*, 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 involve-

ment. 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.

## NJBIA 2007 Sponsorship Program

Sign up now to participate in the NJBIA's 2007 Sponsorship Program. Your company can reach high-level decision makers and increase your visibility at these popular NJBIA events.

Put your name in front of key business and government leaders at our Meet the Decision Makers Breakfast Series or sponsor our Golf and Tennis Day, which attracts over 300 business leaders. Be a high-profile sponsor of our Public Policy Forum where the Governor speaks.

Sponsorships start at \$500. Inquire about our sponsorship packages starting at \$5,000. Sponsorships go quickly, so don't miss out. Reserve your valuable sponsorship today by calling Sherry Esteves at 609-393-7707, ext. 219.

### *Some of the Great Events You Can Sponsor in 2007*

#### **February**

Legislative Reception

#### **February-May**

Meet the Decision Makers Breakfast Series  
(Including the Governor's Staff and Commissioners)

#### **March**

Made in New Jersey Day  
HR101 Best Practices Seminar

#### **April**

Meet the Legislative Leaders Series  
(Including the Senate President and Assembly Speaker)

#### **May**

Economic Forum  
Workers' Compensation Seminar

#### **June**

New Good Neighbor Awards Luncheon

Employer Legislative Committees of NJ (ELC) Biennial Dinner

#### **July**

Golf & Tennis Day

#### **October**

Awards for Excellence Dinner  
Employee Health Insurance: How to be a Savvy Purchaser Seminar

#### **November**

Saving Energy Costs Seminar  
Handling Workplace Discrimination Issues Seminar

#### **December**

Public Policy Forum