

NJBIA

REPORT TO MEMBERS *By Philip Kirschner, President*

NJ Business Climate Still in Critical Condition

As New Jersey and the nation continue to lose jobs at a record pace, the Governor and the Legislature have responded with a number of measures aimed at stimulating the State economy.

Among these new laws are ones that would provide grants and low-interest loans for businesses, extend permits for developers caught in the crosshairs of this recession, let licensed private professionals oversee environmental site cleanups, and help businesses reduce their energy costs. NJBIA strongly supported the passage of these laws.

But these changes, while welcome and helpful, do not signal a full turnaround in New Jersey's reputation as one of the least business friendly states in the nation. Years of over-taxation, excessive regulation, rising costs and poor fiscal policies have formed great barriers to business development.

These barriers will not disappear overnight.

It will take more than a handful of new laws and positive statements from public officials about New Jersey's new attitude toward business to transform the Garden State into the economic juggernaut it once was.

Don't just take my word for it.

Ask any of the State's thousands of manufacturers and builders burdened with over-taxation and overregulation.

Many of these companies have told me that if they were to do it over again, they would have located their

businesses in another state, not in New Jersey. But many have invested heavily in employees, facilities, and equipment, and they have family here as well, so moving out is easier said than done.

National surveys also offer plenty of evidence that New Jersey has got a long way to go before it can proclaim itself to be business friendly.

New Jersey was ranked the 5th worst state for jobs and business growth in Chief Executive magazine's 2009

>Some public officials believe that **pointing out these studies** creates a negative perception of New Jersey, but these studies reflect realities on the ground.

Best & Worst States survey, which takes the pulse of CEOs across the nation. New Jersey has floundered near the bottom of this survey's ranking for many years.

According to the Tax Foundation's recently completed 2009 State Business Tax Climate Index, New Jersey has the nation's worst business tax climate. The Index ranks states based on the taxes that matter most to businesses and business investment, including the corporate tax, individual income tax, sales tax, unemployment tax and property tax.

New Jersey clearly has plenty of great economic assets, such as its highly skilled workforce, a great transportation system (including its ports), a diverse industry base, good schools, and an unbeatable location at the heart of commerce on the Eastern seaboard.

But the best indicator of this state's economic health, job growth, slowed to a crawl between 2000 and 2007. And we've been taking some big employment hits in this recession, with 126,700 jobs lost through February of this year.

Recently, state government leaders have taken some important steps in making New Jersey a better place for business expansion and job creation. But these are only the first steps on a long road to economic recovery. **NJB**

