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# Report

## TO MEMBERS

## Survey Shows Further Erosion Of Business Confidence in NJ

Our 48<sup>th</sup> annual Business Outlook Survey contains much discouraging news about New Jersey's economy. The employers participating in the statewide survey are feeling less confident in the outlook for their own sales and profits in the year ahead. They also are less optimistic in their outlook for the state economy, and fewer employers view New Jersey as a good place to expand their businesses.

The survey, which was conducted in the fall, comes against the backdrop of a slowing national economy and weak private-sector job growth in New Jersey.

Looking at some of the survey details, only 12 percent of survey respondents said they expect state economic conditions to improve in the first six months of 2007, while 51 percent expect those conditions to deteriorate. That is the least optimistic near-term outlook since the 1989-92 recession years. The outlook for sales and profits is the weakest in five years.

Here's a jolting statistic. Only 17 percent of survey participants said they believe New Jersey is a good place for expansion of their businesses. That's down from 28 percent in the preceding three surveys. It's also the lowest point for the entire 1985-2007 survey period in which this question was asked. When asked to compare New Jersey to other states, more than 95 percent said New Jersey is worse than other states when it comes to controlling significant business costs like health insurance, energy and taxes.

The erosion of confidence in New Jersey as a place for business expansion is due mostly to the high cost of doing business here — from the cost of health insurance and property taxes to energy, business taxes and fees, and regulatory compliance.

The frustration with the state's business climate almost screams out from the survey. Employers are working harder than ever,

against ever tougher domestic and global competition, to make their businesses succeed. Yet, they do not believe the state understands the many problems they face. Employers want, need and deserve the state's assistance and support.

It's discouraging when business sentiment about the state economy and the state's business climate are moving in the wrong direction at the same time.

But this can also be an opportunity. The administration of Governor Corzine has made the health of the New Jersey economy one of its top goals, recently announcing an ambitious Economic Growth Strategy. There could not be a better time to establish and implement state policies that will strengthen the economy, create more jobs and give business confidence a needed boost.

As the Legislature and the Governor wrestle with plans to reform New Jersey's highest-in-the-nation property taxes, they must address the fact that high property taxes are as much a problem for the average small business as they are for homeowners. Our survey identified high property taxes as the second worst problem facing New Jersey employers, just behind the cost of health insurance. Just like homeowners, they deserve property tax relief.

Our survey identified the overall cost of doing business as employers' third worst problem. Unfortunately, the Legislature is considering proposals that would drive up that cost even more. The Senate has approved a bill which would require that employers' health insurance plans cover virtually unlimited treatment of all behavioral disorders. Other legislators are pushing for a 12-week, paid-family-leave mandate for all businesses.

New Jersey must reject these costly mandates and instead embrace policies that will lower basic costs like health insurance costs, property taxes, and energy. Otherwise, I shudder to think what employers' views on New Jersey's business climate will look like in the future. ❧