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President

# Report

## TO MEMBERS

## To Fix Economy, NJ Must Make Business a Partner

The big news in a recent report was hardly news to anyone who owns a home in New Jersey or operates a business here: "Report: New Jersey residents pay highest taxes." For a third consecutive year, the Tax Foundation found that New Jersey taxpayers carry the nation's heaviest burden when it comes to state and local taxes.

High taxes alone are, of course, a major problem. But what really worries businesses in this state is a combination of high taxes and fees, unreasonable regulations and heavy-handed government actions that are making New Jersey an increasingly difficult place in which to operate a business and create jobs.

What we need today are state government leaders who are more passionate about removing barriers to economic growth than erecting them.

The evidence shows that high costs like taxes are driving people, businesses and jobs out of this state. A Rutgers University study finds that people are already leaving New Jersey in large numbers for lower-cost states like Pennsylvania, threatening our population growth.

Like the public, businesses are leaving New Jersey for better opportunities elsewhere. This can be seen in the state's dismal employment growth record. While state government was making the paid family leave mandate a top priority in the first half of this year, a measure hugely unpopular with employers, New Jersey lost more than 14,000 private-sector jobs. We now have fewer private-sector jobs in this state than we did 7 ½ years ago! Today, we rank near the bottom of the states in our rate of job creation. New Jersey also fares poorly in most state and national business-climate surveys due to its high costs, excessive regulation and an antibusiness attitude.

There are many good ideas for strengthening New Jersey's business climate. Here are six of them:

**1. Reform taxes.** Let's overhaul the corporation business tax so that it no longer gives a break to out-of-state companies that merely sell goods and services in New Jersey while more heavily taxing businesses that have operations here. Let's not penalize the thousands of companies that have put down roots here.

**2. Reduce energy costs.** The state must reduce energy costs, not raise them. Under New Jersey's proposed energy master plan, a whopping 20 percent of a company's total electric bill would go toward government taxes and surcharges. This is not acceptable.

**3. Impose a moratorium on new regulations.** The state should impose a moratorium on the issuance of new rules by the Department of Environmental Protection (DEP). Excessive regulations are a costly but hidden tax on the state's businesses. The DEP last year issued 2,000 pages of new regulations, including one that requires the owners of tidal waterfront property — even chemical plants — to provide public "beach" access.

**4. Support manufacturing.** It pays to support a sector of the economy that pays above-average wages and benefits and supports half a million jobs. Let's start with a 20 percent tax credit for investments in new equipment and facilities.

**5. Establish one-stop-shopping.** Other states make it easy for businesses to set up shop with "one-stop-shopping" that gives them a single point of access for all state permits and programs. New Jersey should do the same.

**6. Stop the mandates.** In May, New Jersey became the second state to require paid family leave for all employees. The six-week, paid-leave program was strongly opposed by business. Mandates like this will only drive more employers — and jobs — out of this state.

It's time New Jersey embraced business as the solution to its economic problems, as other states have done. New Jersey has the potential to become, once again, an economic growth leader — if it adopts a probusiness attitude and embraces business as its partner. **✂**