

NJBIA

AT ISSUE *By Melanie Willoughby*

Nothing Typical about the 2008 Legislative Session

Typically, January is the time for looking back at the legislative accomplishments of the past year. But there is nothing typical about what is happening in Trenton right now. Last year started with NJBIA leading the battle against paid family leave but ended with some of the most significant probusiness legislation in a decade.

To their credit, Governor Jon Corzine and legislative leaders have reacted quickly and forcefully to the economic crisis confronting New Jersey, and using a big chunk of NJBIA's Agenda for Economic Growth to do it. They have already extended net-operating-loss deductions to 20 years from seven. Losses taken in any tax year that ends after June 30 will be treated the same as they are by the federal government and by most other states that tax corporate income.

The Legislature has passed legislation that would eliminate the throw-out rule, which taxes corporate income that is not taxed by other states, and the regular-place-of-business rule, which requires a company to have at least one staffed location in another state to apportion its income for New Jersey tax purposes. Corzine has indicated his support for the measure. The elimination of these costly rules will make New Jersey more competitive with other states.

Taken together with the earlier elimination of the alternative minimum assessment, these measures represent a repudiation of most of the ill-advised corporate tax increases implemented by Governor Jim McGreevey in 2002 during the last recession.

That's not all. The state is also taking steps to stimulate the economy in the short term. Legislation expanding the NJ Economic Development Authority's ability to help business has also been sent to Corzine. Once the bill is enacted, the EDA will have funding for job-retention and debt refinancing. The EDA will also offer, for the first time, a line-of-credit guarantee feature that can match commercial bank loans with low interest financings of its own.

Finally, small employers with as few as five employees can apply to receive up to \$3,000 for each new employee hired and retained for one year and a 7 percent rebate for any major equipment it buys.

It's very exciting to be on the verge of having our pro-

posals finally getting the attention they deserve. But the beginning of this session was a different story.

First up on the 2008 legislative agenda was the paid family leave bill, and NJBIA pulled out all the stops to keep it from passing. NJBIA members delivered more than 60,000 e-mail messages to the Governor and the Legislature, and many companies came to Trenton to



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testify personally against the bill. Despite our best efforts, the bill became law. But it sent a message that the business community was a force to be reckoned with, and that paid dividends for us later on.

Even as the final vote on paid family leave was being scheduled, the Governor pledged to replenish the Unemployment Insurance (UI) fund to avoid an automatic \$350 million tax increase on employers. The Legislature backed him, adding \$260 million to the fund. In June, over the vehement objections of the environmental community, the Legislature passed and Corzine signed into law a bill extending the expiration date of already-approved permits to December 31, 2010. And this past fall, the Governor and the Legislature made it clear that improving the business climate is job number one.

The legislative session did not start off on a good note. But by staying engaged and relentlessly pushing our agenda, NJBIA was ready when the financial crisis hit, the Governor and legislators needed to respond. **NJB**