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CAPITOL Watch

Manufacturers Still Competing Nationally, Internationally

This month, manufacturers from around the State will take to the halls of the State House with a simple message: We're still here and we're still competing, but we could use some help. The event is "Made in New Jersey Day" and is designed to show our State legislators that manufacturing still plays a big role in New Jersey's economy and provide some useful suggestions on how to keep it that way.

In this age of "outsourcing" and intense competition from low cost states and countries, there is a misperception that manufacturing in New Jersey is going the way of the dodo bird. Nothing could be further from the truth. There are 12,000 manufacturing companies in New Jersey that employ more than 320,000 people directly and support another 180,000 jobs indirectly through suppliers and service providers. Manufacturing jobs pay an average of \$53,000 per year, more than 20 percent above the average for all jobs. As for competing overseas, New Jersey manufacturers exported more than \$15 billion in goods in 2003.

The *Manufacturing Counts! Campaign for Manufacturing Renewal in New Jersey* is an ongoing effort by NJBIA to highlight the many benefits that manufacturing provides for the State. At Made in New Jersey Day, for instance, manufacturers will be able to exhibit their products in the halls of the State House at a time when the Legislature is in session. Lawmakers will be able to see what they make, how many people they employ and learn more about the issues that impact them.

New Jersey manufacturers survive in this competitive environment by producing custom designed products through sophisticated, highly specialized niche operations. Instead of just cranking out a product as quickly as possible, New Jersey's manufacturers offer valuable services, such as in-house design, where they can create a product to meet an individual customer's needs and then manufacture it themselves. Being located

in the heart of northeastern United States—probably the largest single consumer market in the world—doesn't hurt either.

But manufacturers could really use some help. All the different challenges manufacturers face in New Jersey can be boiled down to one thing—the cost of doing business. New Jersey is one of the most expensive states in the nation in which to operate a business. Salaries, healthcare costs, energy costs and of course taxes, are all well above the national average. And higher costs make it harder for businesses to meet their bottom line.

NJBIA has just released its *2006-2007 Manufacturing Counts! Agenda for Manufacturing Renewal*. This document lays out the policy initiatives that will give our manufacturers a hand. These include such broad plans as health insurance reforms and reducing energy costs through elimination of energy taxes and other government imposed costs. But it also has narrow recommendations that are of particular importance to manufacturers, like maintaining the property tax exemption for equipment, even when it isn't moved regularly, and permitting accelerated depreciation of equipment on State tax returns.

Some recommendations appear on their way to being implemented. Reinstatement of the full deduction for net operating losses (NOLs) occurred on the first of the year. Likewise, the alternative minimum assessment, which taxed a company's gross receipts and hit manufacturers hard, is ready to expire on July 1.

But there is a great deal of work still to be done. Reducing the regulatory burden on businesses, preventing workplace mandates that raise labor costs, and getting rid of the confusing and costly practice of forcing businesses to comply with separate State and federal standards on everything from the family and medical leave to right-to-know laws are all part of the plan.

Hopefully, we can make a few improvements to the State's business climate so that manufacturing will continue to play an important role in our economy for years to come. **J**