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Oct. 13, 2020

Dear Legislators,

As we enter month seven of COVID 19 and the economic pain that has accompanied it, we write to urge your consideration of several legislative priorities for the business community.

The COVID-19 pandemic and state-mandated shutdown have devastated components of New Jersey's business community. Businesses face severe revenue losses, due to shutdowns and reduced operating capacity, and increased operating expenses due to implementation of public safety measures. A handful of programs have helped businesses weather these difficult times.

Further, the business community will now also shoulder additional costs and mandates stemming from the FY 2021 budget.

To move forward, businesses need direct financial assistance now, in addition to a "time out" on any further legislation that imposes additional expenses or inhibits operational abilities. Only in this manner can the critical role that the business community plays in driving economic growth and restoring the state's prosperity be acknowledged. Without financial assistance and relief from greater burdens, businesses will struggle to maintain employment and rehire, leaving many with insufficient income to support their families and communities.

We ask that you now take up the following issues that, if addressed, will bring certain relief to our job creators and our economy. Many of these issues have been longstanding priorities for the business community, which have only become more pressing throughout the COVID-19 pandemic.

Structural Reform

Structural reform must be a priority. Senate President Sweeney expressed that structural reform will be a priority moving forward, and for good reason. Pre COVID-19, New Jersey already faced a severe affordability crisis. This pandemic, economic downturn, and excessive budget have exacerbated the financial struggles New Jersey businesses and residents face every day. The time for action is now.

The Path to Progress reforms offer a bi-partisan, holistic approach to addressing affordability by going upstream and addressing the problem at its root. These reforms are a sustainable way to improve affordability and enhance our regional competitiveness by addressing our underfunded pensions and health benefit costs, verses continued annual tax increases.

Unemployment Insurance

On top of the tax increases enacted in the FY 2021 budget, New Jersey employers are expecting to pay nearly \$1 billion in taxes this coming year due to the low balance in the Unemployment Trust Fund (UTF). This tax increase is likely inevitable, meaning that there is little you can do as legislators to alleviate the strain this tax increase will cause.

As the length of this economic downturn and the trajectory of the state's unemployment crisis is not predetermined, the Legislature must act now to assist businesses in reopening, driving economic activity, and rehiring workers so that we can reduce the historic level of UI benefits being claimed by destitute residents. Otherwise, New Jersey's UTF balance will dwindle further, triggering several years of high tax rates for New Jersey employers.

Legislators must also take action to reduce the massive tax increase that businesses will face next year. The Legislature could exclude COVID-19-related layoffs in employers' experience ratings. Federal monies could also be allocated to replenish the UI fund, repay UI advances that have already been received, or directly cover the cost of UI benefits. The Legislature could also consider spreading out the 2021 tax increase over several years to avoid a short-term massive tax increase.

These actions can provide real and practical relief from the expected \$1 billion tax increase on our job creators.

Business Liability Protections

It is imperative that the Legislature address COVID-19 liability protections for our businesses who properly adhere to all applicable health standards. Such legislation would shield businesses and nonprofits from meritless lawsuits, allowing them to focus their efforts on safely driving the economic recovery.

Appropriate legislation would ensure that public health authorities are the sole actors determining the proper safety standards for businesses to practice, rather than leaving it to the judicial system to create a complicated set of rules that businesses, nonprofits, and governmental entities will find difficult to understand and follow. Enacting safe harbor liability protections makes it simple: those who follow all applicable standards will have liability protections, others will not.

Effectuating business liability protections will result in businesses not being afraid to further invest in their business and will give them confidence that they will be protected for taking the proper safeguards to protect their workforce and their consumers.

Financial Assistance to Businesses

As this pandemic continues and businesses remain operating with only partial capacity, the Legislature needs to provide businesses with direct financial assistance. The NJEDA Small Business Emergency Assistance Grant has been extremely effective, but also needs to be replenished. By allocating more funding to the program, small businesses will have access to needed funding that will help them operate after months of revenue losses.

We also need to look at the bigger picture. As timing becomes appropriate for increased capacity in business operations, there will exist an enormous void in available working capital and longer-term capital to finance the anticipated expansion. The legislature needs to address this void by finding reliable sources of funding. Otherwise, the strength of the recovery will falter.

The New Jersey State Auditor confirmed that the state has only spent around 10% of its \$2.4 billion allocation, as of September 30. Governor Murphy has stated that the funds have been allocated and we understand the need to spend cautiously. However, the clock is ticking and the likelihood of additional federal funding, in the near future, continues to fall.

One solution would be using unspent CARES Act funds to develop a grant and loan pool for the business community to draw from. This will assist businesses with funds necessary to reopen, rehire, and invest in the future. Given that we have unspent funds, the state has the capacity to provide this direct assistance right now to make up for the current lack of additional federal action.

We urge your advocacy now on the unspent CARES ACT funds.

Work Force Issues

We urge you to reconsider work force legislation that will increase costs for New Jersey businesses when already faced with historic revenue losses and increased expenses.

For example, the impending minimum wage increase to \$12 per hour on January 1, 2021. Employers who were already struggling to adjust to the annual increase in minimum wage rates, are exactly the job creators who are most affected by the fiscal impacts of COVID-19. The Legislature should delay the impending minimum wage increase, at least until the end of the public health emergency, to ensure that businesses are back on stable financial footing before they are forced to increase their wages.

Another critical issue is the burdensome COVID-19 Workers' Compensation bill that was recently passed. While it is important to protect frontline workers, this law unfairly presumes that COVID-19 was contracted at work at a time when individuals are more likely to contract the virus in unregulated environments such as house parties or vacations to hot spots. At the very least, we urge you to revise the protections created by the bill to apply to the period of time before Governor Murphy lifted the stay at home order, when spread of the illness was much more likely to occur while in the workplace. Absent this relief, businesses will be obligated to pay for a ballooning worker's compensation system.

Reopening Framework

Finally, the business community needs a reliable and predictable reopening framework strategy. The process, thus far, has been convoluted and volatile, leading to confusion and, in some cases, financial loss among businesses.

The COVID-19 pandemic is a constantly evolving crisis, requiring fluid decision-making that EOs alone cannot properly address. Rather we need a process that includes regional and local stakeholders who, as those on the ground in their communities, know best how their community is being impacted. A regional approach to decision making will avoid a de novo statewide shutdown in the event of spikes, while also affording local communities the ability to expand capacity as appropriate.

As such, we request that the Legislature take steps to create a formal plan that articulates specific metrics to be used and specific thresholds that will determine whether a region or industry should be expanding, pausing, or reversing reopening efforts. Given the state's transparency with public health

data, a clearly articulated framework would allow New Jersey businesses to effectively utilize that data to enhance decision-making as it relates to rehiring, making targeted investments, and making financial decisions.

Conclusion:

It has been a devastating year for many in New Jersey's business community, which can no longer absorb cost increases or stay afloat without more direct assistance. The Legislature needs to act now on the issues outlined above so that we can accelerate our recovery and restore the state's economy.

Sincerely,

African American Chamber of Commerce of New Jersey, Inc.
American Camp Association NY/NJ
American Council of Engineering Companies of New Jersey
American Physical Therapy Association of New Jersey
Bernards Township Regional Chamber of Commerce
BioNJ
Burlington County Regional Chamber of Commerce
Bus Association of New Jersey
Cape May County Chamber of Commerce
Capital Region Minority Chamber of Commerce
Chamber of Commerce of Greater Philadelphia
Chamber of Commerce Southern New Jersey
Chemistry Council of New Jersey
CLB NJ
Commerce and Industry Association of New Jersey
CrossState Credit Union Association
Downtown New Jersey
Early Childhood Education Advocates
Eastern Monmouth Area Chamber of Commerce
Fuel Merchants Associates of NJ
Garden State Pharmacy Owners, Inc
Global Business Alliance
Gloucester County Chamber of Commerce
Greater Atlantic City Chamber of Commerce
Greater Toms River Chamber of Commerce
Greater Westfield Area Chamber of Commerce
Health Care Association of NJ
Hoboken Chamber of Commerce
Home Health Services Association of New Jersey
Hudson County Chamber of Commerce
Hunterdon County Chamber of Commerce
Independent Insurance Agents & Brokers of NJ

Insurance Council of New Jersey
Jersey Shore Partnership
Mahwah Regional Chamber of Commerce
Marine Trades Association of New Jersey
Middlesex County Regional Chamber of Commerce
Meadowlands Chamber
Monmouth Ocean Development Council
Morris County Chamber of Commerce
NAIOP-NJ
National Federation of Independent Business (NFIB)
Newark Regional Business Partnership
New Jersey Asphalt Pavement Association
New Jersey Association of Osteopathic Physicians and Surgeons
New Jersey Association of Mental Health & Addiction Agencies
New Jersey Bankers Association
New Jersey Builders Association
New Jersey Business & Industry Association
New Jersey Campground Owners and Outdoor Lodging Association
New Jersey Camps Government Affairs Project
New Jersey Civil Justice Institute
New Jersey Coalition of Automotive Retailers
New Jersey Concrete and Aggregate Association
New Jersey Council of County Colleges
New Jersey Dental Association
New Jersey Gasoline-Convenience-Automotive Association
New Jersey Hospital Association
New Jersey Hotel and Lodging Industry Association
New Jersey Independent Electrical Contractors Association
New Jersey Liquor Store Alliance
New Jersey Manufacturing Extension Program, Inc.
New Jersey Motor Truck Association
New Jersey Pharmacists Association
New Jersey Podiatric Medical Society
New Jersey Realtors
New Jersey Restaurant & Hospitality Association
New Jersey Retail Merchants Association
New Jersey Salon and Spa Coalition
New Jersey Self Insurers Association
New Jersey Society of Certified Public Accountants
NJ Society of Optometric Physicians (NJSOP)
New Jersey State Chamber of Commerce
New Jersey State Funeral Directors Association
New Jersey State Veterans Chamber of Commerce
New Jersey Tourism Industry Association
New Jersey Utilities Association

New Jersey YMCA State Alliance
New Jersey Warehousemen & Movers Association
New Jersey Utilities Association
New York Shipping Association, Inc.
North Jersey Jewish Business Alliance
Ocean City Chamber of Commerce
Princeton Mercer Regional Chamber of Commerce
Professional Insurance Agents of New Jersey (PIANJ)
Recreational Fishing Alliance
Salem County Chamber of Commerce
Somerset County Business Partnership
Southern NJ Development Council
Southern Ocean County Chamber of Commerce
Statewide Hispanic Chamber of Commerce of NJ
Sussex County Chamber of Commerce
The United Boatmen of N.J.
Union Township Chamber of Commerce
Utility & Transportation Contractors Association
Washington Borough BID

Cc: Governor Murphy