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To: Chairman Sarlo, Vice-Chairwoman Cunningham & Members of the Senate Budget & Appropriations Committee

From: Christopher Emigholz, Vice President Government Affairs

Date: January 21, 2021

RE: **NJBIA Strong Support for Two COVID-19 Tax Relief Bills Posted in Committee - S-3234 (Singleton/Bucco) & S-3305 (Smith/Oroho)**

Good afternoon! My name is Christopher Emigholz, and I am the Vice President of Government Affairs for the New Jersey Business & Industry Association (NJBIA) covering tax, budget and economic development issues. On behalf of our member companies that provide 1 million jobs in our State and make NJBIA the largest statewide business association in the nation, thank you for posting these two COVID-19 tax relief bills that will provide significant assistance to New Jersey businesses as they struggle to recover from the economic devastation wrought by the pandemic. NJBIA is happy to **strongly support both S-3234 and S-3305.**

Our Garden State businesses and their employees need your help. The November 2020 unemployment rate was the worst in the nation at 10.2%, with about 40% of everyone in the workforce before the pandemic having filed at one point since the start of it to claim unemployment insurance benefits. As of the end of 2020, the number of small businesses open was down 31.4% since the start of 2020. This decline is worse than our neighbors in New York and Pennsylvania as well as the nation. Small business revenue over 2020 was down 35.8% - also worse than the nation and Pennsylvania.

The federal Paycheck Protection Program (PPP) was a huge help to thousands of struggling small businesses throughout New Jersey, and to bolster that help, the federal government clarified in the recent December 2020 stimulus that any loans forgiven will not count as federal taxable income and can be used as a business expense for tax purposes. There has been no such state announcement, and the possibility of New Jersey increasing state taxes on the back of that federal aid goes against the purpose of that aid and helping the businesses that already can't pay their bills before any increased tax burden. New Jersey PPP recipients are contacting NJBIA and worried about this tax issue, and **S-3234** will hopefully follow the federal lead and ensure that there are no added state tax liabilities due to PPP.

S-3305 supports and encourages the very behavior that we hope businesses are pursuing throughout New Jersey – improving the health and safety of their facilities for their employees and customers. By providing a tax benefit for those improvements, we make our State safer while also giving some relief to struggling businesses that need as much assistance as possible.

NJBIA does request an **amendment to S-3305** to expand the tax benefit to CBT-payers as well as the income taxpayers already covered in the bill. It also may be worthwhile to allow these credits to be carried over, as these are capital improvements that will last many years and could be expected to have multiple years of tax benefits.

NJBIA thanks you for your consideration of our perspective and asks for you to vote “yes” on these two important bills that will help New Jersey businesses more quickly recover from this devastating pandemic. Please let me know if you have any questions.

