



New Jersey Business & Industry Association

Michele N. Siekerka, Esq.
President & CEO

November 9, 2017

Dear Member of Congress,

On behalf of our member companies who make us the largest statewide employer association in the nation, the New Jersey Business & Industry Association (NJBIA) formally opposes the House tax reform plan in its current form.

We respectfully request that the plan be corrected by House members to result in a net benefit for all New Jersey's businesses and residents, who already struggle to afford to live, work and raise a family in the Garden State.

While we are encouraged by the bill's proposed reduction of the corporate business tax, NJBIA feels more strongly that the bill falls well short of providing much-needed relief for the small businesses that drive New Jersey's economy.

The proposal, for example, allows small business owners the option to pay only 30 percent of their business income at the "pass-through" business rate of 25 percent, leaving the rest to be paid at the owner's individual tax rate. Some professional services businesses are also exempt from the limited lower rate.

Additionally, provisions in the bill eliminate the ability of 501(c)(3) organizations, like hospitals and health systems, to issue tax-exempt private activity bonds and tax-exempt refunding bonds. These tax-exempt bonds are used by many health systems to invest in new hospital infrastructure and healthcare technology.

But beyond these impacts to businesses, the tax reform plan would unfairly hit New Jersey residents the hardest via the elimination of state and local tax deductions, the limiting of property tax deduction to \$10,000 and the reduction of mortgage interest deductions – which, in turn, would also negatively impact the housing market here.

As already one of the highest-taxed states in the nation, sending a disproportionate number of tax dollars to Washington D.C. for what is received in federal aid or spending annually, the proposed plan simply adds to the affordability challenges we already face.

In its current form, this bill would give our residents and businesses yet another reason to seek other pastures – which New Jersey can ill afford.

We strongly urge Congress to rework the proposed the tax code to bring fairness to all residents and businesses of New Jersey.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MNL', with a stylized flourish at the end.

Michele N. Siekerka, Esq.

President and CEO