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November 23, 2021

Dear Members of the NJ Legislature,

On behalf of the business community, we are writing to you in opposition to Governor Murphy's conditional veto of Assembly Bill No. 4630, which will require the State and other public entities to include labor harmony agreements as part of any contract it enters with retail and distribution projects. The conditional veto recommendations do not address the concerns of the business community. If signed into law, this legislation will increase costs for future owners and tenants of retail and distribution centers, including small businesses, and stifle overall business growth and development.

This legislation places an undue burden on future retail and distribution center projects by imposing an additional mandate that will drive up the cost of doing business in New Jersey. Contractors and subcontractors will be required to enter into labor harmony agreements for a period of no less than 5 years if they wish to work on qualifying projects. While the bill requires contractors to enter into agreements, the actual labor harmony agreements do not apply to the construction stage of the project, but only to the retail and distribution operations of the subsequent occupants of the buildings.

In his conditional veto of the bill, Governor Murphy recommended a revision to increase the minimum employee threshold for retail establishments from 10 employees to 20. This revision would still subject the workforces of the vast majority of new retail and distribution centers to labor harmony agreements. Because the threshold is so low, this bill will apply to most small businesses and harm main street redevelopment efforts.

The additional costs associated with this type of long-term agreement can discourage and outright deter new business owners and retail and distribution tenants from operating in New Jersey by mandating collective bargaining with employee unions, costing thousands of job opportunities in our state. By expanding collective bargaining and scaring off new retail and distribution centers, this legislation will also hurt New Jersey's construction industry by limiting new projects.

According to the bill, the expansion of labor harmony agreements for these types of projects is necessary due to the State's proprietary interest in their success. Proprietary interest is broadly defined and even includes small financial incentives awarded to projects by the State or other public entities. This broad definition will vastly expand the scope of what establishments will be subject to labor harmony agreements, even to those in which public entities have minimal interest and risk exposure.

If this bill is enacted:

- Distribution centers that provide hundreds of jobs and opportunities for career advancement for New Jerseyans may choose to build in neighboring states or move their operations when it came

time to renegotiate agreements with the state or other public entities in order to maintain lower operating costs.

- Entrepreneurs seeking to open a retail establishment on main street would have to contend with collective bargaining demands if they receive any public financial incentives as they get their business off the ground.
- Redevelopment projects seeking to revitalize abandoned shopping centers or other under-utilized spaces will struggle to attract new tenants willing to contend with yet another costly labor mandate.

This expansion of labor harmony requirements is not necessary or beneficial to protect minimal public interests at the expense of stifling business development and job creation when our state needs it most. For these reasons, we urge you to oppose concurrence with Governor Murphy's conditional veto of A-4630.

If you have any questions or would like to further discuss our concerns, please contact Chrissy Buteas, NJBIA Chief Government Affairs Officer at cbuteas@njbja.org.

Sincerely,

American Physical Therapy Association of New Jersey
Bernards Township Regional Chamber of Commerce
Big I New Jersey
Burlington County Regional Chamber of Commerce
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
Commerce and Industry Association of New Jersey
Downtown New Jersey
Early Childhood Education Advocates
Eastern Monmouth Area Chamber of Commerce
Fuel Merchants Associates of NJ
Garden State Pharmacy Owners, Inc
Gloucester County Chamber of Commerce
Greater Atlantic City Chamber of Commerce
Greater NJ Motorcoach Association
Greater Toms River Chamber of Commerce
Greater Westfield Area Chamber of Commerce
Hoboken Chamber of Commerce
Home Health Services Association of New Jersey
Hudson County Chamber of Commerce
Hunterdon County Chamber of Commerce
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 Association of Professional Employer Organizations (NAPOE)
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 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 Dental Association
New Jersey Fitness Alliance
New Jersey Food Council
New Jersey Gasoline-Convenience-Automotive 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 Restaurant & Hospitality Association
New Jersey Retail Merchants Association
New Jersey Salon and Spa Coalition
New Jersey Society of Certified Public Accountants
NJ Small Business Coalition
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 Warehousemen & Movers Association
Newark Regional Business Partnership
North Jersey Jewish Business Alliance
New York Shipping Association, Inc.
Ocean City Chamber of Commerce
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 American Planning Association - NJ Chapter
The United Boatmen of N.J.
Union Township Chamber of Commerce
Washington Borough BID