June 17, 2022

Dear Senate President Scutari and Chairman Sarlo,

As leaders of our state’s major business associations covering sectors and regions throughout the Garden State, the New Jersey Business Coalition (NJBC) urges you to pass as soon as possible this month A-3683/A-2152 (Freiman, Greenwald, Chaparro, Tully)/S-2378 (Gopal, Zwicker)/S-733 (Madden, Singleton) – the merged unemployment insurance tax relief bill that recently passed through the Assembly with unanimous support. Part of the Senate version is in the Senate Budget & Appropriations Committee after having passed the Senate Labor Committee earlier this year. Getting the merged bills to Governor Murphy’s desk quickly will help our small businesses recover from their compounding struggles stemming from the pandemic, a workforce crisis and inflation.

First, our Business Coalition thanks you for enacting A-4853 (Greenwald, Mazzeo, Verrelli)/S-3011 (Madden, Sweeney) into law last session to soften the billion-dollar unemployment insurance (UI) payroll tax increase by phasing it in over three years instead of all at once. But the payroll tax is still in the process of significantly increasing because of a pandemic and government-mandated shutdown that was thrust onto employers through no fault of their own to protect public health. The business community, especially our smaller businesses, still needs more relief from these taxes and other pandemic-related challenges.

This merged bill will provide that relief, aligning nicely with the Legislature’s recent bipartisan and bicameral affordability agenda. **UI payroll taxes are a tax on jobs that almost every employer pays.** If you employ someone, you pay it and you pay any increases regardless of whether you lost income. It is NOT a tax on income or property or corporate profit or wealth, but a tax on the mere existence of a job. At a time when we want to recover the jobs lost due to the pandemic, and many businesses lost significant income during the pandemic, the state should not be in the business of making job creation and job retention less affordable.

Providing a tax credit to small businesses for any UI tax above the current column C will offset the tax increases to columns D in FY23 and to E in FY24. These two increases are more onerous than the tax increase to column C that employers already experienced this year, so the tax credit is a good compromise, wiping away more than two-thirds of the tax increase for most employers. The tax credit will also allow the UI fund to become more solvent while focusing on making sure small businesses are less impacted by the tax increase.

The Coalition also appreciates the bill’s outside-the-box idea to pay off the federal loan with a new revolving fund supported by a general fund appropriation instead of federal aid, especially given the great state budget surplus news. Paying off that loan will stop wasting millions of New Jersey taxpayer dollars on unnecessary interest as well as avoid a federal UI tax increase (on top of the state payroll tax increases) for businesses in states that have federal UI loans that last too long.
The NJBC also supports added transparency in the legislation. Last summer, employers were retroactively notified that their UI tax rate had gone up weeks after they were supposed to be collecting for the higher tax. Ensuring that the New Jersey Department of Labor & Workforce Development gives employers better notice is necessary for business planning purposes.

An earlier version of Majority Leader Greenwald’s A-2152 and Senate Labor Chairman Madden’s S-733 included a pause at column D, eliminating the last increase to column E. This would have helped every business, and we respectfully request that you explore that in the future if the UI fund can afford it. The most stable employers actually see their UI payroll tax rate double with that most onerous column D to E shift, so avoiding that would be preferred and it does not cost the state anything. And if the merged legislation’s tax credit goes into law, this column D pause would save the state money because the tax credits would be smaller without a shift to column E.

Passing this bill is one of the most important business affordability initiatives New Jersey can do in conjunction with passing the state budget this month. As New Jersey small businesses are still recovering from the pandemic, moving this legislation quickly through your committee and chamber is needed. Thank you for considering our request, and if you have any questions, please contact NJBIA Chief Government Affairs Officer Chrissy Buteas at cbuteas@njbia.org.

Sincerely,

American Camp Association NY/NJ
American Institute of Architects/ NJ Chapter
American Council of Engineering Companies of New Jersey
American Physical Therapy Association of New Jersey
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
CrossState Credit Union Association
Downtown New Jersey
Early Childhood Education Advocates
Eastern Monmouth Area Chamber of Commerce
Employers Association of NJ
Fuel Merchants Associates of NJ
Garden State Pharmacy Owners, Inc
Gloucester County Chamber of Commerce
Greater Atlantic City Chamber of Commerce
Greater Lehigh Valley Chamber of Commerce
Greater NJ Motorcoach Association
Greater Toms River Chamber of Commerce
Greater Westfield Area Chamber of Commerce
HealthCare Institute of New Jersey
Hoboken Chamber of Commerce
Home Care & Hospice Association of New Jersey
Home Health Services Association of New Jersey
Hudson County Chamber of Commerce
Hunterdon County Chamber of Commerce
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 Alliance
Newark Regional Business Partnership
New Jersey Apartment Association
New Jersey Asphalt Pavement Association
New Jersey Association of Mental Health & Addiction Agencies
New Jersey Association of Osteopathic Physicians and Surgeons
New Jersey Bankers Association
New Jersey Builders Association
New Jersey Business & Industry Association
New Jersey Camps Government Affairs Project
New Jersey Campground Owners and Outdoor Lodging Association
New Jersey Civil Justice Institute
New Jersey Coalition of Automotive Retailers
New Jersey Concrete andAggregate Association
New Jersey Council of County Colleges
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 Self Insurers Association
New Jersey Society of Certified Public Accountants
New Jersey Staffing Alliance
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
New Jersey YMCA State Alliance
New York Shipping Association, Inc.
NJ Society of Optometric Physicians (NJSOP)
North Jersey Jewish Business Alliance
Ocean City Chamber of Commerce
Phillipsburg Chamber of Commerce
Princeton Mercer Regional Chamber of Commerce
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
TechUnited: NJ
Union Township Chamber of Commerce
Washington Borough BID