40 Reasons

Why a $1B Corporate Transit Tax on New Jersey Businesses is **Bad Policy**

NJBIA
New Jersey Business & Industry Association

NJ BUSINESS IMPACTS

1. It's a 20% corporate tax increase.
2. Secures NJ as the only state in top tier of 4 largest business taxes.
3. Flip-flop tax policy makes it difficult for large job-creators to trust policy leaders and plan effectively.

#4
Gives NJ highest corporate tax rate (11.5%) in the nation by far.

5. Major tax comes after increasing the budget more than 60% in 7 years.
6. NJ is adding another $1B tax on business while there is a budget surplus.
7. This permanent tax is more fiscally damaging than the prior temporary surtax.

#13
Impacted companies pass added costs on to consumers for their products and services, making NJ less affordable.

8. Some companies will need to restate their financials due to the retroactive nature of the tax.
9. Companies with physical assets in more tax-friendly states will make future investments there.
10. Money necessary to pay toward highest corporate taxes removes funds available to reinvest in innovation.
11. The $1B tax is about the same amount of money lawmakers spent on pork items in FY24 budget, without vetting or transparency.
12. Some companies who were already considering downsizing once their leases expire are now considering exiting New Jersey.

DOWNSTREAM IMPACTS

14. Some impacted employers may need to reduce workforce.
15. Some may not offer raises.
16. Impacted telecom companies will be forced to divert millions from network investments in NJ.
17. Restating financials may impact company stock prices and their investors, like pension funds.

#18
Impacted utilities are required to pass added tax on to ratepayers.

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#19
Supply chain and local businesses will be impacted by decreased spending of larger companies.

20. Community and philanthropic groups may be impacted by reduced corporate donations.

TRACKING NJ TRANSIT

21. Since NJ TRANSIT's fiscal cliff is a year away, this premature money grab is an unnecessary stockpiling of otherwise investable money into our state surplus, putting it at risk for other future spending.

22. Impacted South Jersey companies will pay into a tax where they have minimal, if any, access to NJ TRANSIT.

23. Many impacted companies in central and western NJ do not receive an NJ TRANSIT benefit.

#24
No other state in the nation dedicates a corporate tax for transportation. And NJ requires a constitutional amendment to make it happen.

25. Some employers already provide reimbursements to workers who use NJ TRANSIT.

26. A large NJ TRANSIT ridership accesses jobs in Manhattan, meaning NY companies benefit from a NJ tax.

27. Corporate taxes are known to be an unstable resource for any dedicated tax purpose.

NJ COMPETITIVE IMPACTS

28. Neighboring Pennsylvania is on a bipartisan path to decrease top corporate tax rate to 4.9%.

29. Neighboring New York rejected a proposal to increase its corporate rate and is staying put at 7.25%.

30. Corporate relocation experts seek out lower cost/tax impacted states when making recommendations.

31. Economic growth states have made quality of life investments and are now more attractive to next gen workers.

32. Less capital investment leads to less demand for workers & wage growth.

33. With lower corporate tax rates, North Carolina and Indiana have grown employment and wages.

34. Impacted NJ manufacturers already pay a premium when competing for national contracts.

35. Lower tax rates incentivize capital investments (Council of Economic Advisors)

36. Attempts to poach NJ companies to less expensive states occur daily. Let's not invite the exit.

37. With flexible/hybrid work, many employers can field a remote workforce.

#38
NJ ranks last in the region for business taxes and cost competitiveness.

39. Entry-level workforce may look to live in less expensive states.

40. Our largest NJ companies employ a workforce that makes middle-class wages. If those jobs shrink, so does the middle class.

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