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March 21, 2022

Dear Members of the New Jersey Legislature,

On behalf of the state's business community, we are writing to express our **strong support for S-733 (Madden, Singleton)/A-2152 (Greenwald)** as it addresses three desperately needed fixes for our unemployment insurance (UI) payroll tax increase and the UI Trust Fund that is funded by that tax. This bill and the three changes it makes below apply to the Legislature's focus on affordability, especially for small businesses that pay about half of any UI tax increase.

- Reduce Pending Payroll Tax Increase by More Than \$300 Million: New Jersey businesses are currently paying \$252 million in added taxes to replenish the state's depleted UI Trust Fund. That number will grow by another \$296.6 million in FY23 and another \$336.4 million in FY24 for a total increase as of now of almost \$900 million more than employers paid in UI Fund taxes before the pandemic. The legislation would eliminate that last UI tax hike of \$336.4 million for FY24 by halting the increase from columns D to E in the chart that determines payroll tax rates.
- Pays Off Federal UI Loan & Avoids Unnecessary Interest Payments: **S-733/A-2152 will eliminate the federal loan and interest payments** we make on it by using a small portion of ARPA funds available to the state. While the business community has advocated for a full replenishment of the UI fund, we recognize the demands for federal funds are far and wide in our state. We believe the targeted use of federal funds in this legislation finds a compromise that will provide much needed relief for the business community and support our state's fiscal health. Paying off the loan more quickly as the bill proposes will expedite the replenishment of the fund and potentially lead to a quicker improvement in its health and a quicker payroll tax decrease down the road. Paying off the loan this year also importantly avoids an increase in the Federal Unemployment Tax (FUTA).
- Transparency on a State Tax Increase That is Not Controlled by State Legislature: S-733/A-2152 will establish a procedure for the New Jersey Department of Labor & Workforce Development to better notify the Legislature about the fund and the possible tax changes stemming from it.

UI payroll taxes are not a tax on income, property, corporate profit, or wealth. UI payroll taxes **are a tax on the mere existence of a job**. At a time when businesses struggle to recover jobs, the state should not make job creation and retention less affordable. Additionally, failing to pass this bill would hurt New Jersey's competitive position relative to other states, as many have already taken actions to address their UI fund and avoid making job creation and retention less affordable. This bill also has precedent, as the New Jersey Legislature created a law, supported by the business community, to artificially adjust columns

for the UI payroll tax rate during the Great Recession and earlier in the pandemic. This bill constitutes an extension of those precedents.

The solution to use federal money to support the UI Fund is not unique to New Jersey, as many states throughout the nation have directed a portion of their CARES Act or ARPA (American Rescue Plan Act) funding into their UI Funds.

In summary, S-733/A-2152 will reduce a three-year, \$1 billion tax hike to a two-year \$600 million increase by avoiding the most onerous column increase, increase transparency and avoid unnecessary interest payments and an automatic federal tax increase. **We ask for your co-sponsorship and support of S-733/A-2152.** 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 or Christopher Emigholz, Vice President, Government Affairs at cemigholz@njbja.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
Bernards Township Regional Chamber of Commerce
Big I New Jersey
Burlington County Regional Chamber of Commerce
Bus Association of NJ
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
CLB Partners
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
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 and Aggregate 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 New Jersey Development Council
Southern Ocean County Chamber of Commerce
Statewide Hispanic Chamber of Commerce of NJ
Sussex County Chamber of Commerce
TechUnited:NJ
The Greater NJ Motorcoach Association
Union Township Chamber of Commerce
Utility & Transportation Contractors Association
Washington Borough BID

CC: George Helmy, Chief of Staff, Governor Murphy
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