



ONJ Plan for an Affordable New Jersey
July 18, 2019

The following recommendations are aimed at putting New Jersey back on the pathway toward regional competitiveness and affordability, leading to a stronger and fairer economy for our businesses, their employees and all of our residents and taxpayers.

These recommendations highlight priorities from business leaders representing stakeholders across New Jersey, the Governor’s Economic Development Plan, the Economic and Fiscal Policy Workgroup’s Path to Progress report and economists who have researched and studied NJ’s ailing economy for years.

These recommendations encompass strategies for short-term and long-term planning, recognizing the immediacy of fixing the challenging fiscal position the State budget is in and the programs that are structurally broken, while planning for investments to stimulate job growth and sustainable economic prosperity.

These recommendations can be put into action with transparency and collaboration with the NJEDA, NJBAC and Choose NJ, as well as our legislative leadership. Further, action on these recommendations will also require the support from, and accountability of, New Jersey’s Congressional Delegation.

Goal: Lead the peer Northeast states in job growth and median wage growth.

1. **Establish a *New Jersey Economic Development and Advisory Council***; a business led council that includes diverse private sector stakeholders.
 - The Council’s Charge:
 - Monitor and analyze the economic impact of government policies on job creation in the state.
 - Create a series of metrics from which accountability and transparency can be provided for state policies affecting job growth. Issue an annual report.

- Serve as a sounding board for input on the impact of policies that affect job creation, including case studies and best practices; examples may include Lehigh Valley, New York State Regional Plan, Massachusetts Life Sciences Center Plan.
- Conduct regional roundtables to accept testimony and input on policies that impact job creation.
- Conduct a disparity study of public and supplier diversity and set goals to increase participation by women and minority businesses.
- The Council will meet periodically with the Governor and Legislative Leaders, and/or staff.
- The Council will be Chaired by and include representatives from the Board of Opportunity NJ, as well as labor Not-for-Profit organizations Leaders and regional economic development organizations

2. **Address fiscally challenged and outdated legacy systems.** We must fix what's not working before committing to new priority spending outside these areas. The following three areas of focus are generally seen as the key cost centers that demand an overwhelming amount of New Jersey's spending, including both the state budget and long-term obligations:

- Pension
 - Reform health benefits; monies saved dedicated to the pension fund
 - Implement Byrne/Healey pension reform recommendations now
- School Funding (affects property tax reform)
 - Consolidation/Shared services to be tested by piloting two K-12 districts
 - Reform the school funding formula
 - Creation of Public Private Partnerships (P-3s)
- Infrastructure
 - Transportation
 - Transparent process for how projects are prioritized and chosen
 - Get the money flowing from TTF
 - Continued advocacy for Gateway Project and Portal Bridge
 - Creation of Public Private Partnerships (P3s)
 - Stimulate responsible investment in water (drinking, sewerage and storm water) and power infrastructure
 - Recognize the need for responsible investment in our existing energy infrastructure as a needed bridge to a future where green energy can play a larger role
 - Continued and accelerated reform of NJ Transit

- Considerations must analyze the economic impacts of long-term funding verses short-term funding, bonding, asset management, proper project planning and execution
- Consider new ideas to leverage our assets
- Recognize that monies spent here might need to be offset elsewhere; as such, this cannot be merely additive spending and any considerations must show where offsets elsewhere will be made in order to be revenue neutral

3. Stimulate job growth

- No new government spending before current programs are fully funded
- Impose a moratorium on any new taxes, fees, costs, government actions that affect New Jersey’s job creators for two years
- Fiscal impact statement to accompany executive or legislative proposals/bills
 - Cumulative cost impact must be presented, discussed and where negative, resolved on all new proposals/bills/Executive Orders before any action to enact a policy
- Reform New Jersey’s business tax structure to be regionally competitive, with a special focus on Pennsylvania and New York.
 - Tax rates on business, including the GIT and the CBT
 - Sunset the CBT as promised and develop a plan for comprehensive tax reform within the time frame
 - No further changes to the GIT
 - Use of Advance Tax Credits to stimulate the economy
 - Reform capital gains tax
- Reform New Jersey’s property taxes as noted above
- Consider beneficial elements of making New Jersey a “piggyback state” on federal income tax calculations, to make the state more competitive with treatment of capital gains tax and/or charitable contributions
- All tax reforms must include a plan to bring taxes down over time

- Regulatory Mandates
 - Review government efficiencies at all levels and in all state departments
 - Re-establish the Red Tape Review Commission
 - No new healthcare mandates that increase cost of healthcare
 - Conduct an overall study of costs and plan to address comprehensively
 - No new mandates on New Jersey employers

- Reform current employer mandates to address the following:
 - Ensure a slow rise over longer time horizon
 - Provide proper exemptions
 - Provide an economic trigger that will suspend the program if the trigger is hit (example: recession)
 - Consideration of total compensation

- Reform and prioritize New Jersey economic development incentives (Caveat*: Must carry through on commitments already made under NJ GROW awards)
 - Stimulate small business growth
 - Incentivize job growth
 - Create a small business outreach unit in the EDA
 - Focused loan/incentive program (NJ Forward)
 - Reform horizontal and vertical permitting and inspections
 - Coordination by the NJBAC
 - Prioritize job creation and private sector investment over location in any incentive program
 - Stimulate suburban re-investment
 - Omit the “90% limiter” provision from any incentive program (500 municipalities do not benefit from current incentive programs due to this provision)
 - Stimulate and encourage projects that remediate environmentally affected properties
 - Enable a comprehensive, fully vetted plan for Opportunity Zones
 - Stimulate venture capital investment (Innovation Evergreen Fund)
 - Ensure that all programs have a net benefits test
 - Do not impose caps on incentive programs that have a clear net gain for New Jersey and employers
 - Develop a collaborative marketing plan with NJEDA and Choose NJ to reinforce incentives and business-friendly policies that will attract business investment and position New Jersey as a viable location.
 - Incentivize workforce training and job placement programs through grants or tax credits
 - Prioritize money to in-demand jobs and skills needed to fill those jobs; alignment of workforce development and delivery training and education resources

- Simplified, coordinated, and improved activities among various agencies (Department of Labor, Talent Networks, Workforce Development Boards, community colleges, Higher Ed, etc.)
- Incentivize strategic post-secondary delivery of services
 - Expand Rowan Consortium workforce development initiative statewide
 - Focus post-secondary education funds toward innovative programs:
 - Adopt recommendations from NJBIA's Post-Secondary Education Taskforce Report