

TO: Members of the Assembly Labor Committee

FROM: Paul Tyahla, Vice President, Government Affairs & Communications

DATE: Thursday, December 6, 2007

RE: CIANJ Opposition to Assembly Bill 4001/Senate Bill 2247

Thank you, Chairman Egan and members of the committee, for the opportunity to testify on S-2247/A-4001. On behalf of the members of the Commerce and Industry Association of New Jersey, we urge you to OPPOSE this legislation, which would damage New Jersey's most successful job creation program.

Since its inception, the Business Employment Incentive Program (BEIP) has generated more than 70,000 jobs and \$11.9 billion in investment. The program's success is related directly to its structure, which would be significantly altered should this legislation pass. BEIP grants utilize incentives and accountability tied to actual job creation and wages. The program exists to reduce the cost of doing business in the state and make New Jersey more attractive to companies considering expanding operations in or locating to the state. Unfortunately, this legislation would make BEIP grants less attractive to these companies.

Prevailing wages increase the cost of construction projects by up to 25%. CIANJ believes it is self-defeating for the State to have a program in place for the purpose of reducing costs, and to simultaneously mandate cost increases.

CIANJ is also concerned about the effect the legislation would have on third parties. As currently written, A4001/S2247 would mandate prevailing wage rates to be paid by a landlord or developer for construction projects if a BEIP company occupies at least 55% of a property. A BEIP recipient could be responsible for ensuring a landlord paid the prevailing wage on a project or jeopardize their grant.

The increased construction costs and administrative difficulties created by A-4001/S-2247 would nullify the benefits of BEIP grants for many companies. Therefore, we respectfully urge you to vote AGAINST A-4001/S-2247 and preserve the basis of a highly-successful job creation program at a time when the state's private sector is growing sluggishly.

As always, CIANJ looks forward to the opportunity to work with this committee. Should you have any questions, please do not hesitate to contact me at 201.368.2100 or ptyahla@cianj.org. Thank you for your time and consideration.