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CONTACT: Jerry Cantrell
973/229-2618 (mobile)

New Jersey Taxpayer Alliance Urges Legislature to Avoid Massive Unemployment Insurance Tax Hike

Group endorses changes in conditional veto as a means to protect employers and add stability to the UI fund

The New Jersey Taxpayers Alliance (NJTA) today announced its support for a compromise regarding the Unemployment Insurance (UI) fund that would protect businesses from a job-killing tax hike this year and bring greater long-term stability to the fund through a modest benefit reform. The Alliance is urging the Senate and General Assembly to accept changes proposed by the governor's conditional veto of S-1813.

The economic downturn, combined with more than \$4.6 billion in legislative diversions from the UI fund between 1992 and 2006, have left it in a severe deficit position. If the legislature does not pass S-1813, it will trigger an automatic payroll tax increase on employers averaging about \$400 per employee at their firm. Approval of S-1813 would reduce that hike to an average of \$130 per employee, create a task force to study ways of returning the fund to solvency and tighten restrictions on benefits for workers dismissed for misconduct. The tax increase will be initiated on July 1, adding urgency for legislative action.

“A tax hike of any size is going to negatively impact job growth in New Jersey,” said NJTA President Jerry Cantrell. “It is the responsibility of the legislature and governor to reduce the increase by as much as possible. The changes proposed by the governor and agreed to by the senate president offer the first steps on a path back to solvency for the UI fund and must be approved when the legislature meets on Monday.”

NJTA supports a more robust and long-term solution to a problem that has grown significantly in the past few years. This includes benefit adjustments to bring New Jersey in line with neighboring states, and support for a Constitutional Amendment that is being put to the voters this fall to secure all employee benefit funds from future legislative raids.

“New Jersey companies and employees deserve better than a one-year patch to a long-term problem. The conditional veto offers that opportunity, and we urge the legislature to accept the changes for the benefit of New Jerseyans now and in the future,” Cantrell concluded.

About the New Jersey Taxpayers Alliance

The New Jersey Taxpayers Alliance (NJTA) is comprised of civic, business and professional associations. The Alliance's mission is to educate and inform New Jersey taxpayers about sound fiscal policy; provide state policymakers with objective, non-partisan research about the impact of specific tax, regulatory and spending policies; and advocate for the adoption of rational public fiscal policy as it relates to individuals, non-profit organizations, small businesses and corporations. Please visit www.njtaxalliance.org for more information.

NJTA/Alliance Members:

- ◆ Altria
- ◆ Commerce and Industry Association of New Jersey
- ◆ Excellent Education for Everyone
- ◆ GRAND Institute
- ◆ National Federation of Independent Businesses, NJ
- ◆ National Taxpayers Union (Alexandria, VA)
- ◆ New Jersey Gasoline – C-Store – Automotive Association
- ◆ New Jersey Restaurant Association
- ◆ New Jersey Retail Merchants Association
- ◆ New Jersey Society of Certified Public Accountants
- ◆ New Jersey Taxpayers Association