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State Street: Banding together to stop minimum wage increase

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Opponents of the minimum-wage ballot question saw last week just how steep their challenge will be come November, leading to their cooperation in an effort to defeat it.



'We've seen the polls,' Michael Egenton says of the wage issue. Three of four surveyed voters support an increase.

A Rutgers-Eagleton poll released April 16 showed 76 percent of New Jerseyans support the plan to boost the minimum wage to \$8.25, and change the state's constitution to enshrine automatic wage increases linked to the consumer price index.

Michael Egenton, senior vice president at the New Jersey State Chamber of Commerce, said it's clear there's a hefty task ahead for those hoping to defeat the measure.

"We've seen the polls," he said. "And I think it's going to be incumbent upon groups like us and others who need to get the right message out there and educate the voter on the detrimental impact of raising the minimum wage in the way they want to do it."

State Street has learned that a number of business groups are forming a coalition to fight the ballot question.

Laurie Ehlbeck, state director at the National Federation of Independent Businesses, said the coalition is still being formed, so it's too soon to identify members. But she said one of the coalition's first acts will be to release a report on the economic consequences of the measure.

"We're expecting probably in mid- to the end of May to be able to have a press conference and report on the findings of our study," she said. "We think that we are going to need to proceed and educate people about the issue."

The Rutgers-Eagleton poll found support for the increase across party lines, with 91 percent of Democrats and 57 percent of Republicans in favor. Seventy percent of independents also said they'd vote for it.

"Unless strong opposition emerges, this amendment is highly likely to pass," concluded David A. Redlawsk, the poll's director, in prepared remarks.

Ehlbeck said the argument against the measure will be twofold.

"One is that the constitution is not the place for this type of proposal, and two, it could have very bad economic impacts on the state that could result in losses of jobs and lower-income jobs," she said.

Egerton said opponents also will talk about the uncertainty the CPI linkage could create for businesses, as well as the "domino effect" that could be created if workers higher up on the income scale demand wage increases similar to those given to

minimum-wage workers.

All politics are local when companies consider a move



In addition to the minimum-wage question, voters also will be picking a governor and 120 state legislators in the fall. Those elections are obviously of concern to business and people living in the state, but they also draw the attention of out-of-state companies thinking of relocating here, according to John Boyd Jr., principal at The Boyd Group, a Princeton location consultancy.

"A new thing that we're looking at — because our clients are asking us to look at it — is what is the political climate, not only in the state, but also in the district," he said.

Boyd said corporate executives tend to be big fans of Gov. Chris Christie, but he said local legislators also can play a big role in determining whether companies are subject to pro-business policies or more red tape. Thus, before they move to the Garden State, Boyd said companies want to know about the politics of a given district.

Boyd said one of the most closely watched races in the business community is the 14th district state senate matchup, where incumbent state Sen. Linda R. Greenstein (D-Cranbury) is facing a tough challenge from a former state senator, Republican Peter Inverso. Most recently, Inverso has been president and CEO of Roma Bank. He's retiring this year as Roma becomes part of Investors Bank.

Egenton, at the state chamber, said companies already in New Jersey also are taking a proactive approach when it comes to government relations.

"More and more individual businesses and companies are taking the time and effort to get to know their legislator," he said.

Egenton said that often takes the form of hosting facility tours for policymakers. He said companies want to make sure their lawmakers know what they do, how they help the community, and how Trenton can help — or hurt — their business.

Sending development fee to the morgue, this time for good



A pending fee on commercial development could end before it begins, if one lawmaker has her way.

Sen. Jennifer Beck (R-Red Bank) last week put forth a bill to repeal a 2.5 percent fee on nonresidential developments before it takes effect July 1.

The fee was created in 2008 under Gov. Jon Corzine, and was designed to generate revenue to fund affordable housing. However, the bill took effect just in time for the recession, so lawmakers passed successive moratoria to forestall the fee until the economy improved. The current moratorium expires on June 30.



Beck said the legislation was flawed from the beginning.

"There never in the history of this (affordable housing) court case was a tie to commercial development," she said. "It's unprecedented, and I would argue it's not a very thoughtful idea. I think it's a bad idea."

As it currently stands, projects that get approval by June 30 and get their permits by June 30, 2015, would be exempt from the fee, but those approved July 1 or later would have to pay it.

Beck's introduction of the bill, S-2697, comes as the state Supreme Court is weighing the Council on Affordable Housing's latest round of regulations to determine if the rules comply with the state constitution. A decision is expected soon, likely ahead of June 30.

Beck said the economy has improved significantly since 2008, but the market would still be hurt by adding what she said is essentially a tax on commercial development.

"I'm going to argue we're never going to have an economy that's robust enough to withstand a 2.5 percent fee," she said.

Beck said she hopes lawmakers agree with her that the legislation was a "terrible idea" from the get-go, and vote to end the fee permanently.

"It's an absolute job creation-killer, and we should just do away with it rather than doing the folly of extending these moratoriums time and time again," she said.