



GSI panel: Legacy issues hurt N.J.'s ability to compete moving forward

Tax laws, regulation, relationship between government and business community all need adjustment



By Tom Bergeron (Morristown) - March 4, 2021



Assemblyman John Burzichelli summed it up in a way that left everyone nodding their head in agreement. “You would never structure New Jersey the way it is structured now, if you were starting today,” Burzichelli (D-West Deptford) said.

The other panelists on the webinar by Garden State Initiative, “New Jersey’s Business Climate in 2021: What will it take for New Jersey to win,” agreed. They said the state needs a fresh start — or a new set of rules — if it really wants to compete moving forward.



John Boyd Jr. (The Boyd Co.)

The competition for companies and jobs is too great. So said John Boyd Jr., principal of the Boyd Co., a Princeton-based corporate site selection firm.

“New Jersey has much to offer companies,” he said. “But economic development is very difficult. We call it the second war between the states. That’s how competitive economic development is today.”

Others, Boyd said, are winning the war on costs.

“New Jersey is a very expensive place to do business,” he said. “And there’s a common denominator among states attracting corporate investment and jobs today — states like Florida, Texas and the Carolinas. These are states that hold the line on taxes, hold the line of regulations and operate with fiscal discipline.”

“We see New Jersey, unfortunately, continuing this game plan of more borrowing or taxing and more spending. That’s led to a historic outmigration of people, wealth and business. And COVID clearly has accelerated that trend to the degree where we’re going to lose representation in Washington. And, of course, that has implications upon where federal dollars are spent.”



Christina Renna. (File photo)

Christina Renna, the CEO of the Chamber of Commerce Southern New Jersey, said companies in her part of the state see the competition every day — from a variety of places.

“If you’re looking to create a business in New Jersey, especially here in South Jersey, it’s impossible not to look at Delaware and Pennsylvania, which have considerably lower tax rates across the board,” she said. “Just recently, I had a member looking to relocate to another area in South Jersey, and decided to go into northern Delaware.”

Renna said it’s not just the tax rate and cost of living. The state’s numerous — some would say onerous — regulations make companies do a double-take, too. Especially when county and state regulations are matched with federal rules.

“That can make starting a business very confusing,” she said. “You have business owners that are going in and kind of taking a leap of faith. They need that predictability and consistency — it’s incredibly important if we want to have businesses anywhere in the state choose to start here.”



Asm. John Burzichelli. (N.J. Legislature)

Burzichelli is chair of the Appropriations Committee, vice chair of the Budget Committee and deputy speaker. He didn’t disagree with any of the thoughts. And he said the points of contention are not new. He’s been hearing them since he started in the Assembly in 2002, he said.

“The commentary is not misplaced,” he said.

Burzichelli calls the situation a double-edged sword. The state’s location, schools, educated workforce — the fact that so much of the country’s population is within a short drive — are all pluses. But the state remains an expensive place to live and do business. It goes back to his earlier point: History hurts us.

“The Northeast states are tough, because we have legacy issues,” he said. “We’ve been around a long time. You know, it’s easy to plow up unused farmland in South Carolina and say, ‘We’re starting fresh.’ We don’t have that luxury here.”

These legacy issues are partially our own fault, Burzichelli said — noting that the state’s residents have a long history of wanting reform, but fighting against the actual change, especially when it comes to the much-loved but highly expensive aspects of home rule.

And, he fears the state will miss out on making the big changes that the pandemic has shown to be so obvious.

New Jersey can only take comfort in the fact that so many of its Northeast brethren are in the same situation.

“New York’s having the same problem,” Burzichelli said. “Pennsylvania, Connecticut, Massachusetts all see issues that we have because we are old legacy states.

“So, how do we crack this code? We’re open to suggestions. And, by the way, if it were easy, it would have been done.”

Burzichelli offered one thought on his own: What if the Northeast states joined forces on the problem?

While Burzichelli praised the passing of the new tax incentive package, he said they are only necessary because the region is competing against itself.

What if the Northeast states got together and unilaterally ended all incentive programs? he asked.

What if New Jersey decided to drop its corporate tax rate — currently the highest in the country — to zero?

“Would we do better?” he asked.



Jeremy Farrell. (NJSBA)

The panelists felt the state needs to do something.

Jeremy Farrell, managing director at LeFrak, a national development and real estate owner that has a great deal of holdings in Jersey City, said the same issues in South Jersey are present in North Jersey — even though the state is the cheaper alternative to New York City.

Farrell said we need more to attract the potential influx of business looking to leave New York because of the pandemic.

“What we’re seeing is people do, in fact, want to do business in New Jersey,” he said. “People come and look, and then they say, ‘I can get a better deal elsewhere.’”

Farrell worries the state will not be able to take full advantage of its opportunities — and there are plenty, he said.

He said back-of-house data is big — because it needs the infrastructure New Jersey can provide. Online gaming and small tech startups benefit from that, too. And there’s biomedical research, which plays to the state’s human capital and young talent coming from our universities.

The key is making all companies feel more welcome, Renna said.

“It is going to be critical for government to be seen as a partner, and not an adversary,” she said.



Joe Colangelo. (File photo)

Joe Colangelo, the small business owner on the panel, agreed.

Colangelo is the founder and CEO of Boxcar, a high-tech software company built on securing parking spots in suburban towns. It's the type of small tech company Gov. Phil Murphy has set his sights on nurturing.

A native and lifelong resident of New Jersey, Colangelo joked that he knew what he was getting into when he started his business in Chatham. Only to find out, he didn't.

The pandemic forced him to cut staff and pivot his operations. And the unpredictable nature of lockdowns and the various rules and regulations has made the restart — and the potential restart — difficult.

"I just want predictability," he said. "Give me some predictability and I'll choose whether and how much to invest in New Jersey."

A little love would help, too.

Later this month, Colangelo is flying to Miami to discuss bringing his business there.

"I'm meeting with the mayor in two weeks," he said. "He's saying, 'Come here, tell me your business and we'll help you with introductions, zoning' ... it felt so good.

"It's so great to get that feeling as an entrepreneur, because we feel like we're in an abusive relationship with our government half the time."