

April 15, 2013

**SENATE BILL No. 2211
(First Reprint)**

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 2211 (First Reprint) with my recommendations for reconsideration.

This bill would establish a new program providing tax credits to small private sector employers hiring unemployed workers on a full-time basis. An eligible employer may apply for the tax credit in the 2013, 2014, and 2015 tax years, and if qualified, would continue to receive a tax credit for an additional four years. According to the sponsors, "the purpose of the program is to provide incentives to private sector employers" for the hiring of unemployed workers. The tax credits proposed in this bill could cost the State approximately \$2 billion by 2020.

Since I took office, I have worked diligently to improve New Jersey's business climate and spur job creation. We have done this by offering appropriate business tax incentives that properly balance economic growth within the context of responsible annual budgeting. Unfortunately, this bill does not follow that model. Rather, this bill cuts first and measures second. Specifically, without offering any data to demonstrate that this type of tax credit will lead to increased long-term employment, this bill rushes headlong to implement a potentially \$2 billion tax incentive program, only to later, after implementation, require a report on "the costs and benefits of the program." This measure, it is important to remember, comes from the very same people who refuse to cut taxes for all middle-class New Jerseyans because of their alleged concerns about State tax revenue.

Therefore, I am returning this bill with my recommendation that the Commissioner of the Department of Labor and Workforce Development first undertake a review of the proposed tax credit program, as well as similar tax credit programs in New Jersey and other jurisdictions. The Commissioner should develop findings and recommendations on whether this type of tax credit program would be effective in increasing long-term employment and whether the Department of Labor and Workforce Development has the capacity to put into place sufficient controls to protect taxpayers and the integrity of the proposed program. The Commissioner should report such findings and recommendations directly to me no later than December 31, 2013.

Accordingly, I herewith return Senate Bill No. 2211 (First Reprint) and recommend that it be amended as follows:

<u>Page 2, Title, Line 1:</u>	Delete "who hire" and insert "."
<u>Page 2, Title, Lines 2-4:</u>	Delete in their entirety
<u>Page 2, Section 1, Lines 9-10:</u>	Delete in their entirety
<u>Page 2, Section 2, Lines 12-45:</u>	Delete in their entirety
<u>Page 3, Section 2, Lines 1-2:</u>	Delete in their entirety
<u>Page 3, Section 3, Lines 4-47:</u>	Delete in their entirety
<u>Page 4, Section 3, Lines 1-16:</u>	Delete in their entirety
<u>Page 4, Section 4, Lines 18-28:</u>	Delete in their entirety
<u>Page 4, Section 5, Lines 30-40:</u>	Delete in their entirety
<u>Page 4, Section 6, Lines 42-48:</u>	Delete in their entirety
<u>Page 5, Section 6, Lines 1-16:</u>	Delete in their entirety
<u>Page 5, Section 7, Lines 18-39:</u>	Delete in their entirety
<u>Page 5, Line 40:</u>	Insert new section 1: "1. The Commissioner of Labor and Workforce Development shall undertake a review of tax credit programs aimed to incentivize the hiring of unemployed individuals by private sector employers, including whether the

tax credit programs are effective in increasing long-term employment, and whether the Department of Labor and Workforce Development has the capacity to put into place sufficient controls to protect the integrity of such tax credit programs as its administrator, and shall report any findings and recommendations directly to the Governor no later than December 31, 2013."

Page 5, Section 8, Line 41:

Delete "8" and insert "2"

Respectfully,

/s/ Chris Christie

Governor

[seal]

Attest:

/s/ Charles B. McKenna

Chief Counsel to the Governor