

LEGISLATIVE AFFAIRS REPORT
NEW JERSEY LICENSED BEVERAGE ASSOCIATION
MAY 13, 2010
TRENTON, NEW JERSEY

The New Jersey Legislature is back in full session where they are working on pension reform; fixing the regulatory process; trying to balance a huge budget deficit; asking school boards to renegotiate their contracts; and fighting to prevent a \$1 billion UI Payroll Tax Hike in 2010.

Highlights of activities at the State Capitol are:

The **Unemployment Insurance fund** has been insolvent since last spring. Unless State law is changed soon, the fund's financial condition will trigger an automatic tax hike that will cost an average of \$400 per employee and could cost some employers as much as \$1,000 per employee.

On Monday, a measure sponsored by Senator Madden and Senate President Steve Sweeney was approved by the Senate Labor Committee which would reduce the unemployment insurance tax rate for employers. The bill would allow the state's unemployment insurance to increase by only one increment over the next year. Absent the "fix", the tax rate would automatically increase to its highest level, plus add an additional 10%.

Democrats introduced legislation that would hike income taxes on those earning more than \$1 million. Governor Christie does not support this measure and is looking to reduce government spending at all levels and to let the "**millionaire's**" tax rate expire.

VLT Proposal. Senator Jeff Van Drew sent a letter to Governor Christie urging him to reject any proposal to allow video lottery terminals at race tracks in New Jersey, warning that such a move would devastate New Jersey's already struggling casino industry.

Pension Reform: Three bills were recently released from Committee that would reduce the cost of public employees' pension and healthcare benefits. 1) For new employees, would roll back a 9 percent benefits increase granted in 2001; reduce benefit payments for new employees; and limit participation in pension plans to full-time employees; 2) require all public employees to pay at least 1.5 percent of their salary towards their health care benefits; and 3) limit unused sick leave payouts at retirement for new local and school employees to \$15,000, the standard for state employees.

Fixing the Regulatory Process: It's not often that businesspeople and the general public get an opportunity to speak directly to legislation, but recently they appeared before Assembly Speaker Sheila Oliver and Republican Leader Alex DeCroce. Hundreds of business people and citizens turned out to state why their businesses were not growing and how the regulatory process was strangling their.

Bingo: Two bills that would allow alcoholic beverages to be served by bars and taverns during Bingo games passed out of the Senate Law and Public Safety Committee and is on their way to the full Senate for a vote and then to the Governor's desk. NJLBA has strongly supported these measure and has testified in favor throughout the process.

Direct Whipping of Wine: On March 11, 2010, the New Jersey Senate passed legislation that would allow New Jersey consumers to receive direct shipments from out of state wineries; and the bill would also give New Jersey wineries the ability to send their products directly to in – and out-of-state customers. NJLBA opposed this legislation sponsored by Senator Sweeny, stating that the bill would create unfair competition for New Jersey's liquor and package stores. The NJRA did not take a position on this bill.

New Jersey Grocery Store Economic Development Act – 2 License Limit: Assembly Budget committee Chair Louis Greenwald recently introduced legislation which would lift the two liquor license limitation currently in place to allow grocery stores, big chains and box stores to obtain a greater number of licenses – up to 10 over a 10-year period. While A-2591 would not increase the number of liquor licenses a municipality may issue, Greenwald stated, “my legislation would ease an overly restrictive cap on New Jersey businesses, promoting economic growth and job creation in underserved areas by allow businesses who are under the two-license cap to purchase inactive licenses.”

NJLBA met with Assemblyman Greenwald, together with representatives from other alcoholic beverage associations, and while the meeting was cordial, it was clear that Greenwald intends to move forward with this legislation. He asked if the alcoholic beverage coalition had any suggested amendments. If not, he understood our opposition and would respect our position. The bill appears to have tremendous traction in the Assembly, but could run into opposition in the Senate.