

ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY BILL NO. 15

To the General Assembly:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Assembly Committee Substitute for Assembly Bill No. 15 without my approval.

In 2013, New Jersey residents voted to raise the minimum wage to \$8.25, with annual adjustments thereafter based on the consumer price index. At the time, I expressed my concern that such a measure failed to balance the needs of both the working poor and entrepreneurial businesses and would cost us jobs over the long run. Despite having this constitutional mandate in place, less than three years later the Legislature now seeks to increase the minimum wage by almost 80%, to \$15.00, by the year 2021. New Jersey would be only the third state to adopt a minimum wage of \$15.

While this bill's proposed increase in the minimum wage surely is responsive to demands from Democratic legislators' political patrons, it fails to consider the capacity of businesses, especially small businesses, to absorb the substantially increased labor costs it will impose. One small business owner with two gas stations and convenience stores in Bergen County testified that this minimum wage increase would nearly double his payroll, from \$380,000 to \$680,000. In the face of rising labor costs, the Wendy's restaurant chain has already announced that it will roll out self-service kiosks and reduce its number of employees. And Seattle, which began phasing in a \$15 minimum wage last April, lost 900 restaurant jobs by October, reflecting the largest loss of jobs by that local sector since the Great Recession.

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The negative effects of this bill will extend well beyond the businesses most directly affected. Many businesses will have no choice but to pass their increased labor costs on to consumers. In Seattle and San Francisco (which also increased its minimum wage rate), the cost of a cup of coffee has gone up by as much as 50 cents. More fundamentally, prices for food and basic necessities will increase across the board, impacting most significantly many of our senior citizens and others on fixed incomes.

The bottom line is that business owners facing added expenses from this bill in the form of increased payrolls, taxes and supply costs, will be confronted with four options, none of them good: lay off workers or cut back their hours; raise prices; leave New Jersey; or close altogether. Each of these outcomes would be a significant step backward on the road to economic recovery and an affront to all of the accomplishments by New Jersey business owners over the past six-and-a-half years.

Throughout my Administration, I have fought to make this State more competitive and to encourage businesses not only to move to New Jersey, but also to stay here, and to expand their operations and hire new employees. From offering \$380 million in unemployment insurance tax relief to merging the State's economic development incentive programs through the Economic Opportunity Act, my Administration has worked tirelessly to enhance business and employment expansion efforts in New Jersey. And these efforts have succeeded, resulting in overall decreases to the unemployment rate and increases in the labor participation rate.

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I cannot support a bill that will undermine the positive results we have achieved in New Jersey, especially in light of the current constitutional mandate to increase the minimum wage based on increases in the consumer price index, and the high taxes and stifling regulations our businesses already must endure.

Accordingly, I herewith return the Assembly Committee Substitute for Assembly Bill No. 15 without my approval.

Respectfully,

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/s/Chris Christie

Governor

Attest:

/s/ Thomas P. Scrivo

Chief Counsel to the Governor