

# Government Affairs Report

## NJ Storm Damage Estimates

In early December, 2012, Governor Christie submitted the following storm damage cost estimates for New Jersey to President Obama and senior White House staff, federal agencies responding to the disaster, and the NJ Congressional delegation.

### Superstorm Sandy Repair & Response Cost

|  |                        |
|--|------------------------|
| Government Response and Repair                     | \$529.4 million        |
| Individual Assistance                              | \$702.7 million        |
| Housing  | \$4.9 billion          |
| Business   | \$8.3 billion          |
| Health   | \$291.8 million        |
| Labor  | \$760.1 million        |
| Schools  | \$2.6 million          |
| Transit, Roads and Bridges                         | \$1.35 billion         |
| Parks and Environment                              | \$5.52 billion         |
| Water, Waste and Sewer                             | \$3.02 billion         |
| Government Operating Revenue                       | \$95 million           |
| Other Local Government Revenue & Road              | \$737.5 million        |
| Other Local Education                              | \$125 million          |
| Atlantic City / CRDA                               | \$312.7 million        |
| Port Authority                                     | \$1 billion            |
| Utilities – Gas & Electric                         | \$1.79 billion         |
| <b>Total Repair and Response Costs</b>             | <b>\$29.48 billion</b> |
| <b>Additional Mitigation and Prevention Costs:</b> | <b>\$7.44 billion</b>  |
| <b>OVERALL DAMAGE ASSESSMENT TOTAL:</b>            | <b>\$36.9 billion</b>  |

## President Signs “Superstorm-Sandy” Relief Aid Bill

As you know, in late October 2012, Superstorm Sandy descended on the East Coast. In the aftermath of the storm, our elected officials placed an estimate of approximately \$65 billion in total damages for the tri-state region. As we’ve previously reported, the Obama administration quickly proposed \$60.4 billion in emergency spending to repair damage caused by the Superstorm and fund mitigation projects. In late December, the Senate passed their \$60.4 billion supplemental appropriation bill for Superstorm Sandy relief. However, the House of Representatives failed to act on the bill before the 112th Congressional session adjourned. Subsequently, after pressure from regional Governors and Congressional Representatives, earlier this month the House passed the first part of the Superstorm Sandy emergency supplemental appropriations bill. Then, on January 15, the House passed the remaining supplemental appropriations, which provide \$50.7 billion in funding for states impacted by Superstorm Sandy. The bill ultimately needed to go back to the US Senate for a concurrence. BCANJ is pleased to report the Senate quickly approved the measure in late January, and it was swiftly signed into law on January 30, 2013, by President Obama.

## **NJ UI Surcharge Bill Advances**

BCANJ-supported legislation that would suspend an automatic 10% surcharge on NJ employers' Unemployment Insurance (UI) payroll taxes, set to take effect on July 1, 2013, has begun to make its way through the legislative process in Trenton. The measure could potentially save employers an estimated \$290 million in higher payroll taxes. Under current state law, payroll taxes on employers increase automatically if the UI fund does not have enough money to pay benefits. Without legislative action, the increase will take effect this coming summer. The NJ UI fund became insolvent largely because of various fund diversions by past administrations totaling approximately \$4.6 billion. As a result, the fund did not have enough resources to pay benefits when economic conditions collapsed. BCANJ will continue to update members on this issue.

## **Gov. Christie's "State of the State" Address**

In early January, Governor Christie delivered his State of the State message, which in large part focused on Superstorm Sandy. In addition to thanking the many individuals and organizations that helped those in need, he recognized the business community for assisting government with situation assessment and the construction community for aggressive efforts at debris removal and early reconstruction. Aside from a report on the post-Sandy status of the State, the Governor established his priorities for 2013, which include rebuilding from Sandy, restoring economic growth, and reclaiming the promise of New Jersey for future generations, specifically related to education and the economy.

## **"Fiscal Cliff" Temporarily Averted by Congressional Action**

With a late-night New Year's Day vote, the US House passed a compromise bill that extends a majority of Bush-era tax cuts, delays automatic federal spending cuts for two months, and attempts to fix a number of expiring tax provisions. More specifically, the bill raises tax rates on annual family income above \$450,000, delays sequestration of federal departmental spending cuts, cancels pay raises for members of Congress, averts a hike in milk prices by extending expiring dairy policy, and prevents rate cuts to doctors who treat Medicare patients. In addition, the bill raises the inheritance-tax rate to 40% from the current rate of 35%, and extends business-related tax incentives such as 50% bonus depreciation and the expensing of capital purchases.

The delay in sequestration is important for the construction industry as firms who rely on federal funding will dodge the projected 8%+ reduction across-the-board to all federal departments. Without the delay, projects and segments of planning could have been affected. However, accounts financed by trust funds, including surface transportation program funding, are exempt from sequestration.

After the climactic vote, the subsequent tax and spending package, which received final congressional approval, is also notable for what it does not contain. The bill does not address the debt limit, entitlement reform or deficit reduction in any significant way. These issues will resurface immediately when the new 113th Congress will debate raising the nation's borrowing limit.

*For more information on federal and state legislative initiatives, call 732.225.2265.*