

Making a Strong Pitch for a More Business-Friendly State and Nation

Managing partners at New Jersey's top CPA firms offer advice for attracting and retaining businesses, and for adopting business-friendly policies in Trenton and Washington, D.C.

Photo Courtesy: The New York Mets



BY RALPH ALBERT THOMAS, CPA, CGMA
NJCPA CEO & EXECUTIVE DIRECTOR

FOR MORE THAN A DECADE, New Jersey has had the highest death taxes in the nation. In fact, the Garden State is one of only two states in the United States with both an estate tax and an inheritance tax. Furthermore, on June 30 of this year, New Jersey's Transportation Trust Fund (TTF) will become insolvent. New Jersey lawmakers now have the opportunity to unite around a compromise package that could combine a reduction in the state's onerous "death" taxes with an increase in the gas tax that would be dedicated solely to funding the state's neglected TTF.

A recent survey by the New Jersey Society of Certified Public Accountants found that 87 percent of respondents feel estate and inheritance taxes have prompted clients to leave the state, thus significantly eroding our tax base. A different, independent report indicated that 651 bridges in the state are structurally deficient, while 67 percent of our roads are in poor or mediocre condition.

The resolution of both issues is critical to improving the state's business climate and generating economic growth in order to make New Jersey a competitive state in which to do business in the 21st century and beyond.

COMMERCE asked the accounting firm managing partners from New Jersey's top CPA firms to offer their insights on how to make New Jersey and the nation more business-friendly, including:

- Bederson LLP Managing Partner Mark Mazza, CPA;
- CohnReznick LLP NY/NJ Regional Managing Partner Philip Mandel, CPA, CFP;
- Friedman LLP Chief Executive Officer Bruce A. Madnick, CPA;
- Goldstein Lieberman & Company LLC Co-Founder and Managing Partner Phillip E. Goldstein, CPA;
- Hunter Group CPA LLC Co-Managing Director Kevin J. Hansen, CPA;
- KPMG, LLP New Jersey Office Managing Partner Kelly J. Watson;
- Kreinces Rollins & Shanker, LLC Partner Gerald Shanker, CPA/ABV, MST;
- Levine, Jacobs & Company, LLC Member Michael H. Karu, CPA/CFF/CGMA;
- O'Connor Davies, LLP Managing Partner Kevin J. Keane, CPA;
- PwC New Jersey Market Managing Partner B.J. Agugliaro, CPA;
- SaxBST Co-Managing Partner Robert Paz, CPA;

- Smolin, Lupin & Co., P.A. President, Managing Member Theodore J. Dudek, CPA;
- Sobel & Co. LLC Managing Member Alan D. Sobel, CPA;
- WeiserMazars LLP Managing Partner James Blake, CPA;
- Wiss & Company, LLP Managing Partner Paul Peterson, CPA, MBA;
- WithumSmith+Brown, PC Managing Partner, CEO William R. Hagaman, Jr., CPA, CGMA.



Bederson LLP

By Mark Mazza, CPA,
Managing Partner

The key element of differentiation between the advice we give to our large corporate clients and that which we give to our small business clients is the influence of the owner in small business. Frequently, in small businesses, the owner's compensation is a function of the business' success. The problem is that oftentimes ownership becomes comfortable in their lifestyle and continues to draw compensation at the same rate as in prior years, without regard to economic decreases. Small business owners must focus on the disciplines

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that helped create their success and respond to economic realities. They must be very cautious about exhausting their equity, which they will need when business improves. A reduction in sales drops to the bottom line very quickly, so we advise our clients to explore new markets, go into every year budgeting for a loss of business and a plan to replace that loss.



CohnReznick LLP

*By Philip Mandel, CPA, CFP,
NYINJ Regional Managing
Partner*

Our recent "Middle Market Equity Capital Report" highlights that in 2014, 239 IPOs were completed by middle-market companies compared to 192 in 2013—an increase of 25 percent. Encouraged by a strengthening U.S. economy, the investment community is receptive to those companies with interesting stories, strong financials and experienced man-

agement teams. Absent any catastrophic changes in the marketplace, 2015 IPO activity may eclipse 2014's record-breaking performance. Based on data gathered by the Kauffman Foundation, each new IPO creates an average of 822 new jobs. Therefore, to grow jobs and fuel the economy, the United States must continue to increase access to capital in the form of pro-capital formation legislation. The success of the JOBS Act, one

of the most important pieces of pro-capital-formation legislation in more than a generation, is evidenced by the increased number of IPOs, the increase in equity crowdfunding and the increased number of healthcare and life sciences companies accessing the IPO on-ramp. While we have made good progress, more work is needed to stimulate additional capital formation in the middle market.



The Commerce and Industry Association of New Jersey's *Legislative & Regulatory Agenda* is a roadmap for making New Jersey and the nation more business-friendly. To read it, visit www.cianj.org.

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