CHALLENGE

The end of September 2016 initiated a period of uncertainty and anxiety for businesses operating in and families living near the Pennsylvania-New Jersey state line.

Governor Chris Christie announced his proposal to not restore the PA-NJ Reciprocal Income Tax Agreement which had been in place for almost 40 years.

The tax agreement, enacted in 1977, provides that residents of Pennsylvania who work in New Jersey, and residents of New Jersey who work in Pennsylvania, do not have to pay income tax in the state they work in – only in the state in which they live.

While Pennsylvania has a flat tax rate of 3.07 percent, New Jersey’s can range from 1.40 to 8.97 percent depending on income level. The termination of the agreement would therefore significantly increase the state income tax liability for most taxpayers living in Pennsylvania and working for a New Jersey-based business. An estimated 200,000 to 250,000 people in both Pennsylvania and New Jersey would be affected. As a result, anger and anxiety was immediately generated by the Governor’s proposal.

“With great help from BIPAC, we were able to push some very effective messages and make an impact that has never been felt by NJ officials before.”

- Kelly Johnston
Vice President – Government Affairs, Campbell Soup Company
ACTION

Businesses operating in the southern part of New Jersey specifically voiced their opposition to the Governor’s proposal. Not only would families be affected, but it would be more expensive to operate a business in New Jersey and harder to keep and attract employees across state lines.

With the stakes so high, Campbell Soup Company leadership knew they needed to act quickly to make an impact. And they did.

Through their government affairs website, Campbell’s set up a letter campaign where employees could write to key legislators in New Jersey, as well as the Governor and Lt. Governor, to voice their opinions on the proposal. Campbell’s emailed their appeal to employees who work at their World Headquarters in Camden, NJ, posted the information on digital signs throughout their campus, and included a link to the letter campaign in their weekly newsletters. After receiving the “ask to act”, employees took action immediately generating almost 6,300 letters to elected officials in opposition to the Governor’s proposal.

But the momentum didn’t stop there. Through the BIPAC Prosperity Project® (P2) partnership in New Jersey, Campbell’s worked with a coalition of other impacted businesses. The Chamber of Commerce of Southern New Jersey and the New Jersey Food Council sent appeals to coalition members and their memberships encouraging them to send out the communication to their employees. An additional 2,000 letters were generated by individuals from companies across the southern part of the state on the New Jersey P2 website.

RESULT

As a result, decision-makers took notice and ultimately Governor Christie decided to keep the tax reciprocity agreement in place.

The issue created by the Governor’s original proposal to not restore the agreement created a perfect storm. Not only were businesses in the area going to be adversely affected, but employees could see the direct connection to their own pocket books. This, coupled with the desire to reverse the Governor’s proposed course of action, allowed the business community in southern New Jersey to make a major positive impact on the daily lives of New Jersey and Pennsylvania workers and businesses.

Now, the companies that were most instrumental in this change are looking to continue coalition-building to have an impact on future issues affecting the business community in the area.

Quick Look

- Governor Christie proposed to not restore the PA-NJ Reciprocal Income Tax Agreement.
- This would negatively affect businesses and families in PA and NJ.
- Campbell’s educated their employees and motivated them to take action to make their voices heard.
- Decision-makers listened and Governor Christie restored the Agreement.

At Stake

The PA-NJ Reciprocal Income Tax Agreement provides that residents of PA who work in NJ, and vice versa, only have to pay income tax in the state in which they live. Governor Christie proposed termination of this agreement which would significantly increase the state income tax liability for most taxpayers living in Pennsylvania and working for a New Jersey-based business. It would also be more expensive to operate a business in New Jersey and harder to keep and attract employees across state lines.