

219<sup>TH</sup> NEW JERSEY LEGISLATURE  
FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE  
HON. JOHN F. MCKEON—CHAIR

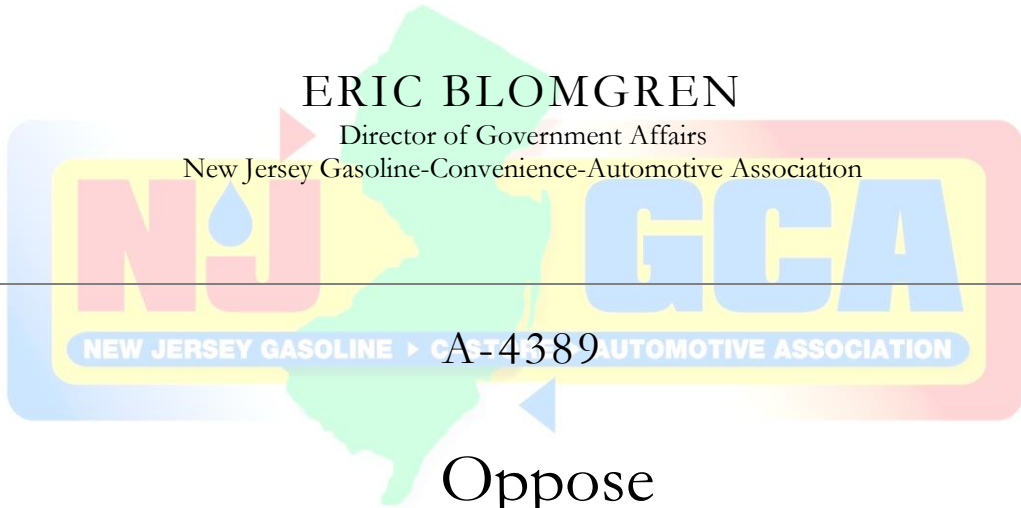
# TESTIMONY

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ERIC BLOMGREN

Director of Government Affairs

New Jersey Gasoline-Convenience-Automotive Association



Oppose

July 23, 2020

## Testimony of Eric Blomgren

Chairman McKeon, members of the Committee, my name is Eric Blomgren, Director of Government Affairs for the New Jersey Gasoline, Convenience Store, Automotive Association (NJGCA), here representing nearly a thousand independent small businesses in this state and it is on their behalf that we oppose this bill.

NJGCA is a founding member of Association Master Trust (AMT), an extraordinarily successful self-funded Multiple Employer Welfare Arrangement (MEWA) that has benefited the small businesses who are our members for decades. Self-funded MEWAs are explicitly targeted in the language of this bill, and AMT estimates this bill will cost them \$3.5 million per year, a cost which will have to be passed on to small businesses. Even those of our members who are not part of AMT will certainly see the cost of this tax passed on by their health insurance providers. If Congress was willing to repeal this tax in a bipartisan manner, then the state of New Jersey should allow employers to reap the benefit of those savings, rather than view it as an opportunity to collect the revenue for itself.

We are still in the midst of the coronavirus crisis, and the economic effects of it will certainly still be with us next year. Over 90% of our members have received federal Paycheck Protection Program (PPP) loans and about half have so far applied for Federal Economic Injury Disaster Loans (EIDL, which do have to be paid back). Many have also applied for or received grants from the NJ Economic Development Agency (EDA) and will be at the front of the line whenever the EDA offers more support. It would be wasteful for the federal and state government to be taking an action which puts funds in one an employer's pockets only to take it out of the other in the form of this tax.

Our members have correctly been designated essential businesses and most have kept their doors open throughout this crisis. Despite that, they have seen massive drops in business, and are barely surviving. Some have indicated to us that they may not survive. When we surveyed our members in mid-April, 74% of both gas stations and auto repair shops had experienced a decline of 65% or more in their sales, and 40% of all auto repair shops had seen a drop of 80% or more. Even while their business has picked up over the last month, on average they are still missing about a third of their regular revenue.

We ask that you please oppose this bill. Thank you.