

July 31, 2023

NJ Prevents Covid Relief Funds to Replenish Unemployment Insurance Fund

In the just passed New Jersey Budget, the Legislature and Governor prevented Covid Relief Funds from being used to replenish the State Unemployment Insurance Fund and instead preferred that NJ businesses pay an additional \$700 million in Unemployment Insurance taxes. This amounts to an additional \$100 per employee tax, which has also been paid for each of the past two years.

Additionally, the budget had a surplus of \$15 billion which could have been used to help small businesses that survived the Murphy inspired decimation of small businesses and small business employment during COVID lockdown and policies.

New Jersey let the Corporate Business Tax surcharge exist for another year and has also maintained the Corporation Business Tax at 9%, the fourth highest in the nation, and 80% higher than Pennsylvania. The unfavorable comparison with Pennsylvania's 4.99% tax may lead to more NJ businesses crossing the Delaware River. *NJBIZ Vol 36 No. 25 7/10/23 p. 4.*

From The 'Shoe Phone' To the Smartphone

Sometimes, everybody knows when history is being made. Think back to the first moon landing. But world-changing moments often arrive quietly. On April 3, 1973, four months after the last manned moon mission, a 44-year-old Motorola engineer took a small step onto Sixth Avenue outside the New York Hilton. There Martin Cooper did something commonplace now but at the time revolutionary: He made a call on a cellular telephone.

"Joel," Mr. Cooper said to the man who picked up, "I'm calling you from a real cellular telephone, a handheld unit." Joel Engel worked at Bell Labs, the research division of AT&T. Mr. Cooper was calling to gloat about surpassing the phone monopoly.

At the time, a phone was a device attached to the wall or sitting on an office desk, and hardly anyone used it for anything other than talking to people.

The basic idea of the cellphone was, and is, simple, "nothing more than a two-way radio," Mr. Cooper says. This was an established product line for Motorola, but in fact there was something more: Integrated circuits, a fresh innovation, allowed Mr. Cooper and his team to fit a complicated device into a far smaller, lighter package. They considered several variations, "flip phone, a folding book phone, a sliding phone, a capsule phone", before settling on the 2½ pound block they called the "shoe phone" in homage to the 1960s sitcom "Get Smart." It was all one piece," Mr. Cooper says. "The last thing we needed was a complicated mechanism" that might "break in the middle of a demonstration."

"We expected the first phones to go to wealthy people," Mr. Cooper says. "To a large extent that was true. But it turns out that one of the biggest users were **real-estate people**." They needed to take calls from clients and go out to show properties. "The cellphone allowed them to do both at the same time. They could be showing a home and still answer the call. So to them the phone, even at that huge price, doubled their effectiveness." *Wall Street Journal 4/15-15/23 p. A13.*

Insurers Limit Sales in FL & CA

State Farm and Allstate Insurance have decided to stop selling new home insurance policies in California. Farmers Insurance is limiting sales of homeowners' policies in California and is stopping sales in Florida.

Rising costs for natural disasters such as hurricanes and wildfires and lawsuits are prompting insurers to limit or quit selling in markets with high underwriting losses. Fewer insurers offering policies can mean higher prices and fewer options for homeowners.

Floridians are paying an average home insurance premium of \$6,000, the highest in the U.S. and more than 3X the U.S. average of \$1,700. *The Wall Street Journal* 7/12/23 p. B1.

The Shortage of Accountants

Are you finding it hard to find a Certified Public Accountant? It seems that there is a national shortage of several hundred thousand CPAs. It seems that fewer people are pursuing degrees in accounting and entering the field, resulting in more positions open and for longer periods. What's more, academics say, the shortage will likely be compounded as more accountants retire without a robust pipeline of replacements.

Smaller companies in need of accounting staff often decide not to fill the jobs because they either cannot afford to or cannot justify the cost-benefit trade off.

Like other accounting firms, we find it extremely difficult to find qualified help.

The U.S. government continues to change the tax laws and has complicated accounting for corporations.

We suggest this field of study should be considered by those contemplating a secure financial future. Otherwise, we think the shortage may be filled by outsourcing or offshoring jobs. *Wall Street Journal* 7/12/23 p. B5.

As always, if you have any questions about these or any other matters, do not hesitate to call us.