

THE GOVERNOR'S ECONOMIC CONFERENCE

F/10

REPORT

OF THE

BUSINESS RETENTION &

ATTRACTION TASK FORCE

June 25, 1991

BUSINESS RETENTION & ATTRACTION TASK FORCE

RECOMMENDATIONS

- RECOMMENDATION #1:** Develop and implement a Strategic Business Plan for Economic Development in the State.
- RECOMMENDATION #2:** The State's top policy-makers should communicate their commitment, interest and support for balanced economic development to their staff and the business community.
- RECOMMENDATION #3:** Endorse the work of the Government Regulations Task Force.
- RECOMMENDATION #4:** Strengthen the role of the Office of Business Advocacy in the Department of Commerce by providing a greater degree of visibility, resources and credibility to the Office.
- RECOMMENDATION #5:** The State Economic Development Authority should explore creative and aggressive taxable and tax-free financing strategies for new construction, expansion, equipment and modernization.
- RECOMMENDATION #6:** Assure County Colleges are full partners in State economic development efforts.
- RECOMMENDATION #7:** Create a partnership with the existing network of economic development professionals, the education community and business and professional economic development practitioners to assist in accomplishing the State's economic development goals.
- RECOMMENDATION #8:** Extend existing economic development benefits on a temporary basis to areas of the State experiencing a severe and rapid economic decline.
- RECOMMENDATION #9:** Pool the resources of the Department of Commerce, counties, the County Colleges, the economic development network and the State's utilities to provide better prospect servicing for businesses interested in locating in the State.
- RECOMMENDATION #10:** Develop a plan to attract targeted industries to the State.
- RECOMMENDATION #11:** The State's business people should institute programs to help "Sell New Jersey" as a desirable place to do business.
- RECOMMENDATION #12:** Strengthen the State's Urban Enterprise Zone Program.

BUSINESS RETENTION & ATTRACTION TASK FORCE

FINAL REPORT

MISSION:

The mission of the Business Retention & Attraction Task Force was to assess the State's business climate, to examine current efforts in business retention and attraction and to develop recommendations designed to improve upon what currently exists.

BACKGROUND:

Following the Task Force's initial meeting, it became apparent that the Task Force was faced with an unusual challenge - that is, many of the substantive issues affecting New Jersey's business climate were being addressed by other Task Forces. Therefore, the Task Force concentrated its efforts on isolating issues not dealt with by others and developing recommendations to address such issues.

The following outline represents the recommendations of the Task Force. Three broad categories are addressed - general recommendations for business retention and attraction; an overall recommendation; and specific recommendations.

I. OVERALL RECOMMENDATION

One of the first issues identified by the Task Force was the State's need for a strategic business plan. Such a plan would set the course for the State's retention and attraction efforts for the 90s by incorporating the findings and recommendations of all of the Governor's Task Forces.

RECOMMENDATION #1: Develop and implement a Strategic Business Plan for Economic Development in the State.

IMPLEMENTATION:

- Assemble a broad-based group of business, government and academic leaders throughout the State to draft the State's Strategic Business Plan. Once formulated and adopted, the Plan should be updated on an annual basis by the group. The Department of Commerce and its divisions should develop its plans and strategies in response to the Plan.
- Develop a database based upon results of a detailed survey of firms that have left the State and ones desiring to move into the State. Such a survey would serve to identify issues and areas which need to be addressed by the Plan.

II. GENERAL RECOMMENDATIONS

The Task Force identified challenges which effect the State's business climate and, therefore, impact upon both business retention and attraction. They are as follows:

A. Attitude

One of the biggest challenges facing the State in its retention and attraction efforts is the perception that New Jersey is unfriendly to business. One approach to meeting this challenge is to change the attitude of State government by placing a high priority on economic development and through forming public/private partnerships to promote New Jersey.

RECOMMENDATION #2: The State's top policy-makers should communicate their commitment, interest and support for balanced economic development to their staff and the business community.

IMPLEMENTATION:

- The role of the Economic Development Council should be reassessed. Both the structure and the mandate of the Council should be examined in order to identify how the Council can be strengthened. A representative of the Governor's office should serve on the Council.
- The Governor's cabinet should meet with their mid- and upper-management to relay the importance of responding to the regulated public and set guidelines for timely responses to correspondence, applications and phone calls.
- The Governor's commitment to economic development can be conveyed effectively through regular telephone calls to major New Jersey employers to offer support and assistance.
- Assign a representative from the Governor's office to work in conjunction with Commerce as liaisons with businesses locating or expanding in the State. This would demonstrate the Governor's interest and commitment to economic development in the State and provide the needed degree of "clout" to these efforts.
- The Commissioner of Commerce should assemble a group of business people to serve as advocates for New Jersey who would assist in business retention and attraction efforts.

B. Regulatory Reform

The Task Force recognizes that regulatory reform is key to the success of further efforts in business retention and attraction. Therefore,

reform of various regulatory programs that directly impact upon the business community need to be addressed in the following areas: efficiency, predictability and, where appropriate, elimination of regulations; attitude; managerial and administrative changes; and modifications to regulatory programs. The Task Force also believes that Executive Order 66, which imposes a sunset on all regulations, needs to be utilized within its original intent by the State Departments. Also, advocacy for businesses moving through the regulatory system should be enhanced.

RECOMMENDATION #3: Endorse the work of the Government Regulations Task Force.

RECOMMENDATION #4: Strengthen the role of the Office of Business Advocacy in the Department of Commerce by providing a greater degree of visibility, resources and credibility to the Office.

IMPLEMENTATION:

- Place the Office of Business Advocacy (OBA) under the direct purview of the Deputy Commissioner of Commerce, who would serve as Chief.
- The OBA should be a pro-active advocate for business interests, both large and small. Such efforts should include a stronger role in the regulatory and legislative processes. To accomplish this, a legal analyst should be added to the staff.
- Better publicize the OBA's toll-free number for assistance.
- Formalize the linkage between the OBA and the Governor's office by adding an ombudsman function to an existing Governor's staff position. This individual would serve on an ad hoc basis to assist the OBA in moving a project through the regulatory process.

C. Financing

The State is in an unusually strong position to attract business, especially from New York and Pennsylvania. The major problem with financing currently is the need to close the gap between the financing needed by the developer and the amount banks are willing to loan. While this issue is being addressed by at least one other Task Force, the Business Retention & Attraction Task Force recognized that the current recession has intensified the crisis of capital availability.

RECOMMENDATION #5: The State Economic Development Authority, should explore creative and aggressive taxable and tax-free financing strategies for new construction, expansion, equipment and modernization.

IMPLEMENTATION:

- Expand the Economic Development Authority (EDA) as an omnibus economic development financing agency which can offer a variety of incentives to attract and retain businesses, especially small and medium sized, as well as manufacturing. The revised EDA would concentrate financial resources available to businesses in one agency. This would create more capital and enable the agency to leverage more dollars to finance more projects through such tools as commercial paper and the EDA's 501 (c)(3).
- Create a State credit enhancement program to leverage more capital for economic development financing programs.
- Loans should not be so restrictive as to be counterproductive to their intent.

D. Education and Training

A highly skilled technical workforce is critical to the future growth and development of New Jersey's economy. The State's 19 community colleges are a tremendous resource for training, retraining and other business support services. However, these services and the colleges have not yet been fully integrated into Statewide economic development initiatives.

RECOMMENDATION #6: Assure County Colleges are full partners in State economic development efforts.

IMPLEMENTATION

- Develop a network of the 19 community colleges to provide a Statewide resource for responding to the training and retraining needs of the business community.
- The Departments of Labor and Commerce should sponsor a State-level conference to develop a structure for directly involving community colleges in training and economic development programs. The State's business and labor leaders should participate in the conference.
- The Department of Higher Education should continue its support of the Network for Occupational Training and Education (NOTE) initiated in 1990-91.

III. BUSINESS RETENTION

A. Economic Climate: The Recession

The Task Force determined that, in the current recession, an aggressive approach toward assisting and retaining existing businesses should be a top priority. In order to meet the challenges posed in the current economic climate there is a greater need for coordination among economic development efforts in the public and private sectors. Such coordination can assure a consistent message is communicated at all levels of government and the private sector that economic development is a priority of the State.

RECOMMENDATION #7: Create a partnership with the existing network of economic development professionals, the education community and business and professional economic development practitioners to assist in accomplishing the State's economic development goals.

IMPLEMENTATION:

- Continue the recently initiated program of quarterly meetings between representatives of Department of Commerce, county economic development directors, utility representatives, CONRAIL and the Department of Labor.
- Implement and promote the PSE&G Business Enhancement Program on a pilot basis in Passaic County. Consideration should be given to expanding the program to include organizations in the economic development network to maximize the assistance offered to businesses. The Department of Commerce, through its quarterly meetings, should encourage other utilities to initiate similar programs.
- Launch the revamped Department of Commerce/New Jersey Bell Business Retention & Expansion Program which identifies businesses in need of assistance and requiring a strong advocacy role. Survey results should be shared with appropriate members of the economic development network for action.
- Improve the existing program of county economic development assistance conferences by utilizing the economic development network to promote the program to area businesses, as well as to participate and assist in the conferences.
- Intensify and expand the scheduling of informational seminars for entities, such as banks, which routinely have contact with the general business community. These seminars are designed to educate them on assistance programs available to businesses in the State so that these assistance programs can be directly

brokered by the entity to New Jersey businesses. The economic development network should participate in these seminars so that they, too, can broker the programs.

- Provide a stronger role for the State's County Colleges in the economic development network. The State's County Colleges provide a valuable contribution to economic development in the State, in that they provide the match between technical jobs and the people available to fill them.
- Assure contact with and assistance to "at-risk" companies by coordinating meetings with Company representatives and representatives of the Departments of Commerce and Labor, as well as others in the economic development network.
- Call upon the County Bar Associations to initiate a program offering assistance on regulatory matters to local businesses on a pro bono basis. Utilize the economic development network to encourage the County Bar Associations to offer such a program and also to promote the program.

RECOMMENDATION #8: Extend existing economic development benefits on a temporary basis to areas of the State experiencing severe and rapid economic decline.

IMPLEMENTATION:

- Amend eligibility criteria for State economic development programs to permit municipalities, businesses, school districts and Job Training Partnership Act (JTPA) Service Delivery Areas in areas affected by major plant or military facility closure to be eligible for program benefits for a period of five years.

IV. BUSINESS ATTRACTION

A. Prospect Servicing

There is a need to better service companies interested in New Jersey. Such an effort should include maximizing the quality of prospect servicing to companies considering relocating in the State and to provide an optimal match of need to location.

RECOMMENDATION #9: Pool the resources of the Department of Commerce, counties, the County Colleges, the economic development network and the State's utilities to provide better prospect servicing for businesses interested in locating in the State.

IMPLEMENTATION:

- Coordinate the site selection programs and activities of the Department of Commerce, utilities, counties and the economic development network.
- Develop consistent demographic materials among these entities.
- Undertake a joint marketing effort (i.e., advertising) by the Department of Commerce, utilities, counties and participants in the economic development network.
- Efforts to attract new businesses into New Jersey should emphasize the availability of high quality technical training provided by the State's 19 community colleges.

B. Industry-Specific Attraction

Special attention should be paid to identifying specific industry sectors which the State considers "desirable" and would like to attract. Representatives from each of the specific industry sectors should provide input into the Plan.

RECOMMENDATION #10: Develop a plan to attract targeted industries to the State.

IMPLEMENTATION:

- The Department of Commerce should be charged with identifying industries that, by their nature, are most suited to relocate or expand in New Jersey and determining other "desirable" industries to attract.
- The Department of Commerce should assemble business leaders in the State to develop a plan to attract these industries. Such a plan should: identify and address barriers to attraction; develop industry specific incentives; consider market demand; and identify industries that have a high probability of relocating or expanding in the State. Efforts should be made to include other nationalities to address the international marketplace.

C. Business Involvement

New Jersey business people who are confident and proud of New Jersey as a place to do business should become more involved in a partnership with the State in promoting New Jersey.

RECOMMENDATION #11: The State's business people should institute programs to help "Sell New Jersey" as a desirable place to do business.

IMPLEMENTATION:

- Develop a network of business CEOs that could be used for the attraction of particular industries.
- Develop a program similar to the Tampa 100, where a network of up to 100 business people can be mobilized on short notice to meet with out of State businesses seeking to locate in the State.

D. Urban Enterprise Zones

The State's Urban Enterprise Zone (UEZ) program provides a valuable tool to attract and retain business in the State's urban areas.

RECOMMENDATION #12: Strengthen the State's Urban Enterprise Zone Program.

IMPLEMENTATION:

- More aggressively market the UEZ program.
- Review the UEZ program eligibility criteria to determine if special treatment or exemptions should be provided for minority businesses.
- The certification process for businesses within the zone should be lengthened from one to three years to offset downturns in the economy.
- Exempt the sales tax on telecommunications for businesses located in UEZs.
- Extend the sales tax exemption to janitorial and other types of necessary building services.
- Provide for reasonable and responsible ECRA relief within UEZs by giving priority treatment to cleanups within Zones.
- The cost to municipalities and the State in administering the program should be supported in part by the Zone Assistance Fund.

BUSINESS RETENTION & ATTRACTION TASK FORCE - MEMBERSHIP LIST

CO-CHAIRS:

Mr. John Maddocks, Vice President
Public Affairs
PSE&G
80 Park Plaza, 10C
Newark, NJ 07101

Mr. Sam Crane, Deputy Chief of Staff
Office of the Governor
State House, CN-001
Trenton, NJ 08625

MEMBERS:

Mr. Thomas D. Carver, President
Casino Association of New Jersey
2922 Atlantic Avenue
Atlantic City, NJ 08401

Mr. Thomas P. Corcoran, Executive Director
Cooper's Ferry Development Association, Inc.
800 Hudson Square
Suite 102
Camden, NJ 08102

Ms. Christiana Foglio, President
Devco
390 George Street
New Brunswick, NJ 08901

Mr. Jeffrey Horn, Executive Director
New Jersey Chapter - National Association
of Industrial Office Parks
Raritan Plaza I, 2nd Floor
Edison, NJ 08837

Mr. David Houston, President
David T. Houston Company
1025 Broad Street
Bloomfield, NJ 07003

Mr. Alfred C. Koeppe, Vice President
Public Affairs
New Jersey Bell
540 Broad Street, Room 2000
Newark, NJ 07101

Mr. Richard Krol, Vice President
Financial Management Division
AT&T
412 Mount Kemble Avenue
Morristown, NJ 07960

Mr. Stephen J. Kukan, General Manager
Area Development
PSE&G
80 Park Plaza, T-10-C
PO Box 570
Newark, NJ 07101

Mr. Lewis Nagy, Director
Department of Economic Development
Burlington County
49 Rancocas Road
Mount Holly, NJ 08060

Dr. Lawrence A. Nespoli, Executive Director
New Jersey Council of County Colleges
330 West State Street
Trenton, NJ 08608

Mr. Roger Pratt, Vice President
Newark Property Company
100 Mulberry Street
Newark, NJ 07102

Dr. Robert W. Ramsey, President
Camden County College
P.O. Box 200
Blackwood, NJ 08012

Mr. Bruce Ransom, Executive Director
South Jersey Center for Public Affairs
Stockton State College
Pomona, NJ 08240-9988

Mr. Richard Romanelli
Chemical Division
DuPont Company
1007 Market Street
Room B-16276
Wilmington, DE 19898

Ms. Ronni Rose, Director
Passaic County Economic Development
317 Pennsylvania Avenue
Paterson, NJ 07503

Mr. Everett Shaw, President
Renaissance Newark, Inc.
One Gateway Center
Lower Lobby
Newark, NJ 07102-5311

Mr. Peter Smith, President
NJ Firefighters Association
20 West Lafayette Street
Trenton, NJ 08608

Mr. Barry Taylor, Executive Director
Wheaton Village
Glasstown Road
Millville, NJ 08332

Mr. James R. Tobin
Becton Dickinson & Co.
One Becton Drive
Franklin Lakes, NJ 07417-1880

Mr. James Wallace, President
Chamber of Commerce of Southern NJ
Kevon Office Center
2500 McClellan Drive
Pennsauken, NJ 08109

Ms. Melanie Willoughby, President
New Jersey Retail Merchants Association
332 West State Street
Trenton, NJ 08618

BUSINESS RETENTION & ATTRACTION TASK FORCE - RESOURCE PEOPLE

Mr. James Albers
Chief of Staff
NJ Department of Commerce

Ms. Kathleen Davis
Assistant to the Governor
Office of the Governor

Mr. Rocco Guerrieri
Director, Division of Economic Development
NJ Department of Commerce

Ms. Louise Stanton
Assistant Director, Division of Economic Development
NJ Department of Commerce

BUSINESS RETENTION & ATTRACTION TASK FORCE

- Mr. John Maddocks, PSE&G
- Mr. Joe Milanwycz, New Jersey Bell
- Mr. Jeffrey Horn, National Association of Industrial Office Parks
- Mr. Bruce Ransom, South Jersey Center for Public Affairs
- Ms. Ronni Rose, Psssaic County Economic Development
- Ms. Christiana Foglio, Devco
- Mr. James Wallace, Chamber of Commerce of Southern New Jersey
- Mr. David Houston, David T. Houston Company
- Mr. Roger Pratt, Newark Property Company
- Mr. Everett Shaw, Renaissance Newark, Inc.
- Mr. Thomas D. Carver, Casino Association of New Jersey
- Mr. Richard Krol, AT & T
- Dr. Lawrence A. Nespoli, New Jersey Council of County Colleges
- Mr. James R. Tobin, Bector Dickinson and Company
- Ms. Melanie Willoughby, New Jersey Retail Merchants Association
- Ms. Louise Stanton, NJ Department of Commerce

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