

## **New Coalition Hopes to Convince Business to CHOOSE NEW JERSEY**

By: Fred J. Mihelic, Public Relations Consultant

New Jersey has earned the unfortunate reputation for being “anti-business.” Perhaps deservedly so! Driven by excessive taxation, a burdensome and costly regulatory system, and some of the highest property taxes in the nation, this reputation has made it increasingly difficult for the state to attract new jobs and remain competitive in the regional marketplace.

The alarming loss of private-sector jobs, coupled with high unemployment rates and a subsequent flight of wealth from the state to more friendly confines, was a central focus of the 2009 gubernatorial campaign and in all likelihood played a role in former Governor Jon Corzine’s defeat. As Governor Chris Christie has noted, “I came to office with a promise to renew our economy and change the culture of government back toward fostering growth, new technology and innovation. My administration will not only draw on New Jersey’s many strengths, but also put in place the mechanisms and policies to attract new businesses, expand existing businesses and create meaningful jobs for our families.”

### **Choose New Jersey**

One innovative program to keep and attract businesses to New Jersey is the recently launched *Choose New Jersey*, an independent, privately funded coalition of corporate and labor leaders expressly created to promote New Jersey as a good place in which to invest and do business. Chaired by Dennis M. Bone, President of Verizon New Jersey, the non-profit group also plans to market incentive programs to attract and retain job creators and provide policy recommendations to the administration and legislature to make New Jersey a home for growth.

Within the umbrella of the New Jersey Partnership for Action, *Choose New Jersey* will serve as a key component of the Christie Administration’s “three-legged stool” strategy for economic development. The new coalition will complement the various programs administered by the Economic Development Authority (EDA) and the Business Action Center (BAC), a team of liaisons designed to aid businesses in dealing with government agencies.

“Under Governor Christie’s and Lieutenant Governor Guadagno’s leadership, this administration is dedicated to

changing how government does business so that New Jersey can again grow and prosper,” Bone said. “Through *Choose New Jersey*, we believe there is a role for business to play and a significant opportunity to have a positive impact on the state’s economy as well as on the overall quality of life in New Jersey.”

It takes only a cursory review of events and statistics to recognize the need for rebuilding New Jersey’s reputation as an economic force and attractive business destination. According to a 2009 report by the National Tax Foundation, New Jersey is burdened by some of the worst tax rankings in the country: 41st in the corporate tax index; 47th in the individual income tax; 38th in state sales tax; 25th in the unemployment tax, and 50th (dead last) in property taxes.

Just as bad, New Jersey ranked 45th in a September 2009 Forbes Report on the “Best States for Business.” The state ranked 49th for business costs, 20th (not so bad) in labor costs, 47th in regulatory environment, 44th in economic climate and 24th in growth prospects. In addition, New Jersey’s “Small Business Survival” index rating by the Small Business & Entrepreneurship Council is the *worst* of all 50 states, surpassed only by the District of Columbia in hostility to small business.

How has this dismal business environment affected employment? The US Bureau of Labor Statistics and the State Department of Labor estimate that New Jersey lost more than 224,000 private-sector jobs between December 2006 and December 2009, which represented a 6.5% decline in the state’s private-sector workforce. Unemployment in New Jersey averaged 9.2% in 2009, higher than Pennsylvania (8.4%) and New York (8.1%).

### **Losing Wealth to High Taxes**

The state’s poor business climate has also had dire consequences in areas other than employment. According to a report from the Center on Wealth and Philanthropy at Boston College, New Jersey *lost* \$70 billion in wealth due to the relocation of affluent households between 2004 and 2008. The report found that about 302,780 households left New Jersey (primarily for Pennsylvania, New York and Florida), slightly lower than the 323,350 households that moved into

the state. However, the average net worth of the departing households was about 70% higher than those that were incoming. This is bound to have a negative impact on buying power and economic stability within the state.

“As bad as New Jersey’s overall unemployment figures are, they are even worse in the construction industry, where many of our union building trades are experiencing 40% to 50% unemployment rates,” said Raymond M. Pocino, Vice President and Eastern Regional Manager of the Laborers International Union and Vice Chairman of *Choose New Jersey*.

“And the fact that New Jersey ranks only 20<sup>th</sup> in labor costs nationwide, despite our higher cost of living,” continued Pocino, “is a good indication that most of our business problems are attributable to other factors such as high taxation and onerous regulations. We can resolve these problems, but it will take a coordinated effort by business, labor, and state and local governments and agencies.”

In forging a more business-friendly climate, *Choose New Jersey* will strive to promote the state’s core strengths, which include strategic access to local and global financial markets, a highly trained workforce, a broad-based network of world-class seaports and airports, state-of-the-art energy and communications infrastructures, and elite research universities. In addition, the coalition wants to market incentive programs to attract and retain job creators, and to develop policy recommendations to make New Jersey a home for growth.

“Our goal is to target and market specific industry clusters that have found a special niche in New Jersey and are well-suited to take advantage of our unique resources,” Bone stated. “Among others, these might include the pharmaceutical/biotechnology industry, financial services, telecommunications, and transportation and logistics.

“Marketing and attracting specific industries has proven to be enormously successful in other areas of the country and around the world, areas such as the Research Triangle Park in North Carolina, the Route #28 corridor in Massachusetts, and the Silicon Valley in California.

“We in New Jersey have marketed ourselves in a general sense, but we have never taken a targeted approach to business development,” added Bone. “Choose New Jersey can fill that void by creating marketing materials and strategies designed specifically for certain industries.”

### **Investing in the Solution**

The 16-member *Choose New Jersey* is an independent, privately funded and managed organization. In addition to Bone and Pocino, it includes a prominent clergyman/civic leader and a host of top level business executives. Each of the companies represented on the board of directors has

committed to invest some \$450,000 in the organization over the next three years – nearly \$7 million. (See sidebar for a list of members.)

The coalition has met four times since June and is currently completing a nationwide search for a Chief Executive Officer to run its day-to-day operations. More than 100 applicants have been interviewed for the job and the final list has been reduced to six. A final selection is expected by the end of the year.

Bone says the coalition expects to raise additional funds over time but believes it needed to provide a strong revenue stream for the first three years to be able to hire an experienced, qualified CEO and provide sustainability for its operations.

### **The Christie Plan**

The Christie Administration has designated the New Jersey Partnership for Action as the nexus for all economic development activity. Through three interconnected and highly focused organizational elements – Choose New Jersey, the Economic Development Authority (EDA) and the Business Action Center – the Partnership will focus on relationship building and person-to-person outreach while developing pro-growth policies and assisting businesses in navigating state agencies and regulations.

The EDA continues in its role as the financing component for New Jersey job growth, overseeing many of the programs that support the business community. By administering programs that provide access to capital, the authority acts as the state’s “bank for business,” helping provide financial resources to the Partnership for Action.

The Business Action Center (BAC) reports directly to the Office of Lieutenant Governor. It consists of a team of business liaisons who will strive to create a customer-service approach and coordinate the activities of state and local government agencies as they deal with businesses looking to locate, expand or remain in New Jersey. Located in the Department of State, the BAC is designed to serve as a “one-stop” shop offering professional assistance to businesses in resolving permit applications, licenses, certificates and other business-related approvals.

“Making New Jersey a home for growth is our Administration’s top responsibility,” said Lt. Governor Guadagno. “Together, we are working every day to make New Jersey a home for growth. Cutting the red tape and providing incentives to attract business are critical components of our economic recovery. Working collaboratively with New Jersey’s business and community leaders, we can create jobs and grow our economy.”

## Old Ideas Made New

Several of Governor Christie's initiatives and *Choose New Jersey* objectives are similar to recommendations submitted to the Christie Transition Team last January by the Smart Growth Economic Development Coalition, a group that included BCANJ, NJ Regional Council of Carpenters, NJ Laborers-Employers Cooperation & Education Trust (LECET), NJ Business & Industry Association and NJ Chamber of Commerce.

In a report titled "Economic Development Recovery Strategy for New Jersey" the 26-member coalition urged the administration and legislature "to send a clear message to corporate executives around the globe that New Jersey is ready to do business ... that Byzantine layers of government red tape are being cut ... anachronistic rules and regulations from a century ago are being purged ... and that myriad levels of required project permits and approvals in our state are being streamlined."

Among recommendations that appear to be echoed within the existing structure of the New Jersey Partnership for Action, the Smart Growth Coalition called for creation of a one-stop, "business ombudsman" office to report directly to the Lieutenant Governor and be responsible for "identifying and pursuing business prospects and coordinating the timely negotiation of financial incentives and the expedited procurement of necessary permits and approvals for the business." The ombudsman would also use the expertise of the Economic Development Authority to provide financial assistance and incentives to prospective businesses.

This is almost identical to the responsibilities and powers granted to the Business Action Center within the NJ Partnership for Action.

Other specific recommendations by the Smart Growth coalition that are being given serious consideration by *Choose New Jersey* are:

- Actively market and promote the state's dominant industries.
- Actively market the state's numerous business advantages through increased participation in domestic and global industry conferences and trade shows, including personal, "hands-on" involvement by the governor and key cabinet members.
- End the practice of last-minute rezoning by municipalities that can arbitrarily change site plans and land-use regulations after a costly application is filed by a developer with a local planning board. (This issue was dealt with in part by legislation signed into law in May that provides that land-use development applications be governed by the

municipal regulations in effect at the time of the application.)

## Chances of Success

Why should the *Choose New Jersey* initiative succeed when so many other business attraction and retention efforts have failed? "I'm confident that our new approach of targeting 'industry clusters' can make a difference," Bone said. "We've met with dozens of relocation experts and they tell us that New Jersey has not even been on the map when it comes to this kind of marketing campaign.

"It's our intention to promote New Jersey's many terrific attributes and resources, such as excellent roadways, airports, seaports and rail travel, great schools, easy access to some of the largest population centers in the nation and the consumer markets they generate, and a skilled and educated workforce that boasts a high percentage of individuals that hold a Ph.D., continued Bone. "All of this makes New Jersey one of the most desirable locations for business in the nation.

"Just as important," concluded Bone, "Governor Christie is taking this initiative very seriously and has committed the full resources of his Administration to help move it forward. Everything seems to be coming together. I'm very encouraged about our prospects for success and making New Jersey 'business-friendly' once more."

## Sidebar

Members of *Choose New Jersey* include:

Dennis M. Bone, President of Verizon New Jersey  
Chair of *Choose New Jersey*

Raymond M. Pocino, Vice President and Eastern Regional  
Manager of the Laborers International Union  
Vice Chair of *Choose New Jersey*

Laurence M. Downes, Chairman & CEO of New Jersey Resources  
Ralph Izzo, Chairman & CEO of Public Service Electric & Gas  
William J. Marino, Chairman & CEO of Horizon Blue Cross/Blue Shield  
Kevin Rigby, Vice President of Public Affairs for Novartis  
John Strangefeld, Jr., Chairman & CEO of Prudential Financial, Inc.  
Robert H. Doherty, State President of Bank of America Merrill Lynch  
Joseph Colalillo, President of Wakefern Food Corp.  
Rev. M. William Howard, Pastor of the Bethany Baptist Church  
Don Correll, CEO and President of American Water  
Bernard Flynn, President & CEO of NJM Insurance Group  
Edward Graham, President & CEO of South Jersey Industries  
Robert J. Iacullo, President & CEO of United Water  
Robert Hugin, Celgene President & COO (representing the Healthcare Institute of NJ)  
Vincent Maione, President of Atlantic City Electric