

# ECONOMIC POLICIES AND SOLUTIONS

MAKING NJ A BETTER  
PLACE FOR DOING  
BUSINESS



Part 2 - Policy Recommendations To Improve NJ's Business Climate  
A special report by the NJPRO Foundation





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to access Part 1 of this report, as well as  
more research done on behalf  
of New Jersey Employers.



## Executive Summary

Part 1 of “Economic Policies and Solutions: Making NJ a Better Place for Doing Business” reported on findings from a survey of business leaders and a review of other states’ policies. Part 2 of the report introduces a set of actions and policies to improve the state’s business climate. NJPRO formed the basis of these recommendations from the collected perceptions of New Jersey’s business leaders, their innovative ideas for growing business in the State, and a review of best practices in other states.

NJPRO’s analysis of the surveys uncovered two important themes emphasized by our business leaders when describing the challenges facing New Jersey businesses: affordability and investment. Each of the 37 recommendations that appear in this section is instrumental to lowering the cost of doing business in the state or to building a vigorous business climate through thoughtful and lasting investment.

All of the recommendations were developed within the context of the current national economic downturn and with the understanding that the State’s fiscal crisis has imposed serious limitations upon our government’s expenditures. Advocating a sustainable approach to government programs, NJPRO created two tiers of recommendations: short term and long term. Short-term recommendations can be described as critical actions that require little to no cost and can be implemented within the next two years. Our long-term recommendations, while just as important for improving the business climate in New Jersey, may require investment, capital, or significant restructuring of government. We believe the time horizon for execution of these long-term policies to be two to five years.

The overarching counsel NJPRO received from respondents directed us to seek a broad and widespread change in government attitude toward


businesses in the State. Foremost in need is a true partnership between the public and private sector. Government and business must seek out ways to work together, with the common goal of increasing the prosperity of all New Jersey residents. Business leaders understand that in a technologically advanced and global economy, sustainable job growth in New Jersey can only occur if every sector of government collaborates with commercial and industrial entities to improve the quality of life for all New Jerseyans.

NJPRO recognizes that initiating and implementing this type of institutional transformation will not be easy. In Part 2 of the report, NJPRO proposes a set of concrete, actionable recommendations to induce business and government collaboration. Many of the recommendations have been reproduced from successful endeavors in other states. NJPRO’s intent is to champion tested policies and to err on the side of caution, emphasizing that new policies, laws, and regulations should all be analyzed for their true costs and benefits.

NJPRO has created a **Top Five List** – the five recommendations that we think are both essential and achievable. These recommendations were developed directly from the feedback we received through our survey and in-depth interviews with business leaders. The **Top Five List** contains both short- and long-term recommendations, recognizing that enacting some of these policies may take time or capital investment, and early preparation will be instrumental to successful implementation. These policies proclaim to business leaders, located within the State and across the country, that New Jersey is committed to the business community, to encouraging strong job growth in a difficult economy, and to creating a prosperous quality of life for all our residents.

Finally, each group of recommendations in Part 2 of the report is accompanied by a set of metrics to help establish where we are now, and show how we compare to our competitor states. These are broad metrics which cannot be connected directly to the recommendations we propose. However, NJPRO strongly advocates the establishment of a framework of benchmarks and indicators to track progress in advancing prosperity and restoring a healthy business climate in New Jersey. These metrics provide a start.

## TOP FIVE POLICY RECOMMENDATIONS

 **Reform taxation policies to better support businesses and grow jobs by a) conforming the net operating loss tax policies to national standards, and b) enacting single sales factor business tax reform for businesses in phases.**

To allow businesses to compete nationally and internationally, businesses should be allowed to carry forward net operating losses into profitable years. The State should eliminate the requirement that a company reduce its net operating loss carryforward by the deduction it is allowed for dividends received from subsidiaries. The federal government allows a two-year carryback and 20-year carryforward. Of the 46 states with corporate business taxes (including D.C.), 24 states allow the 20 year carryforward, including our neighboring states: New York, Pennsylvania, Connecticut, and Delaware. New Jersey's NOL policy allows only seven years, and does not allow survival of NOLs in mergers and acquisitions.

Single Sales Factor reform eliminates the hidden "headquarters" tax for businesses by basing New Jersey business taxes solely on New Jersey-based sales, not on a combination of sales, property and number of employees. The current system penalizes companies who have a lot of employees and property in the state. Currently, seventeen states have implemented or are phasing in a form

of single sales factor tax reform. New York and Pennsylvania are currently phasing in single sales factor tax reform. Both of these tax reforms could be phased in gradually, limiting the impact on state revenues, while reducing the cost of doing business in New Jersey and retaining and attracting more jobs.

 **Encourage innovation in our technology-driven economy through increased research and development funding at state colleges and universities and cultivating academic research partnerships with private industry.**

Currently, private industry in New Jersey is the leading source of research and development (R&D), largely due to the pharmaceutical industry. While New Jersey ranks in the 1st quartile for industry-performed R&D, we lag in academic R&D spending. New Jersey must strive to increase academic R&D spending, and diversify the areas of health, science, engineering, and technology where these R&D dollars are spent in order to better compete with the challenging global economy we face. Massachusetts ranks in the 1st quartile for both industry and academic R&D spending, and California, Colorado, Michigan, and New Hampshire have high rankings for both types of spending. Texas is encouraging innovation through its Texas Emerging Technology Fund, a \$200 million fund directed at R&D activities in emerging technology. In California, the governor's budget provided \$40 million in lease revenue bonds to several universities in the event they won a global competition for the British Petroleum Energy Biosciences Institute grant.

 **Enact legal liability reform measures in New Jersey to create a responsible liability environment in the state.**

The risk of costly lawsuits is seriously undermining businesses' ability to locate in New Jersey and remain globally competitive. New Jersey's current liability laws allow for forum shopping to occur. According to the New Jersey Lawsuit Reform Alliance, 93

percent of pharmaceutical mass torts in the State's system are brought by out-of-state plaintiffs. For the past several years, Delaware has been rated the best legal climate by the U.S. Chamber of Commerce, receiving commendation for its overall treatment of tort and contract litigation, its treatment of non-economic damages, and the fairness and competency of its judges.



**Continue to upgrade and improve New Jersey's online business portal, <http://www.state.nj.us/njbusiness>.** The redesigned New Jersey Business web site has been a major improvement, but

more progress must be made to transform it into a one-stop, secure web site providing licensing, permitting, regulatory approvals or filings, and tax submission services for businesses. Legislators should dedicate annual funding to provide resources to this essential tool for businesses. The NJBusiness website is often the first introduction out-of-state businesses have to New Jersey, and its ease of use and range of services should be made a priority by all departments that have interaction with businesses. Washington State's business portal has been lauded as a strong model for one-stop shopping for businesses' needs.



**Enact reforms in the State's health benefit plan and Medicaid program, creating efficiencies, increased quality, and cost savings.**

As a provider of health benefits to a significant percentage of the state's population, New Jersey should look to its own health benefits plans and Medicaid program to establish best practices. Institution of evidence-based medical standards – what actually works – and encouraging doctors and caregivers to not practice defensive medicine will increase quality and reduce costs. Increased emphasis should be placed on prevention of chronic illness, such as treating patients who are overweight, before obesity leads to other health issues such as diabetes, heart disease, and work disability. The State's costs for providing health care have risen dramatically in recent

years. Stabilizing and perhaps ultimately reducing government spending on health care can be accomplished at the same time as providing better health outcomes. Lessons learned from reforms in the State's health benefit plan can then be implemented in the private sector, lowering costs for New Jersey businesses.

Between December 2007 and January 2008, researchers contracted by the New Jersey Policy Research Organization (NJPRO) conducted a telephone survey of management and interviewed state business and policy leaders at great length. The research team also reviewed how other states are attempting to grow jobs, promote business expansion, and encourage entrepreneurs through incentives, tax and regulatory policy, education initiatives and other government actions. Out of this research, NJPRO has created a two-part report, "Economic Policies and Solutions: Making NJ a Better Place for Doing Business." In Part 1, NJPRO presented the highlights of the research.

Part 2 of "Economic Policies and Solutions" introduces a set of recommendations to improve the State's business climate. The collected perceptions of New Jersey's business leaders and their innovative ideas for growing business in the State and a review of the best practices from other states form the basis of this report. Studying the successes and setbacks experienced by states across the country will give New Jersey policy makers a better perspective of the "marketplace" that we must compete in for economic growth.

These recommendations have been developed within the context of the current economic downturn and with the understanding that the State's fiscal crisis has imposed a set of limits upon our government. NJPRO is encouraged by the Governor's commitment to cut spending and restructure government operations in order to establish a responsible budget, and to not raise taxes at a time when a weak economy threatens the well being of many individuals and businesses in our state.



### SHORT TERM AND LONG TERM RECOMMENDATIONS

To reflect and support a responsible approach to government programs intended to support and stimulate New Jersey's business economy, NJPRO has created two tiers of recommendations: short term and long term. Short-term recommendations can be described as critical actions that require little to minimal cost and can be implemented within the next two years. Our long-term recommendations, while just as important for improving the business climate in New Jersey, may require investment, capital, or significant restructuring of government. We believe the time horizon for execution of these long-term policies to be two to five years.

NJPRO believes these long term recommendations are extremely necessary to grow our State's prosperity, but understands that current conditions may not allow for immediate execution. However, NJPRO recognizes the advantage to be gained by positioning the State to reinvest in human and technological capital. We encourage policy makers and government leaders to prepare to enact these long term recommendations as soon as the economic and fiscal environment allows.

These policy recommendations have been created with the specter of the national recession looming in the background. It is more essential than ever to redirect resources toward growing the State's economy, retaining its businesses, and attracting companies to locate here. Our workforce will need training and retraining in order to survive this downturn and be positioned for leadership when the economy regains momentum.

NJPRO organized the recommendations according to the feedback we received from our respondents. Researchers contracted by NJPRO conducted a telephone poll of 249 business leaders in New Jersey, as well as in-depth interviews with 29 business executives and economic development administrators from New Jersey and other states. The first set of recommendations is directed toward the areas in New Jersey's business climate that our respondents see as substandard—inferior in comparison to other states—and which have the strong potential to dissuade a business from locating here or to push them to move out of state. These areas include our regulatory environment and the high costs of living and running a business, including our taxes. The second set of policy proposals is directed at what our respondents felt were areas in the State's business climate that were becoming increasingly vulnerable, such as energy costs and corporate liability. While not at the top of the list of obstacles to doing business in New Jersey, these areas are in need of improvement.

Finally, NJPRO formulated a set of policy proposals to address the areas that our respondents identified as New Jersey's strengths—what we're good at and known for; these proposals are essential policy tools for maintaining a leadership position in our skilled workforce, business incentives, and infrastructure.



## **METRICS**

Finally, each set of recommendations is accompanied by a set of metrics to establish where we are now, and show how we compare to our competitor states and the national average. For this exercise, NJPRO looked at comparative data from neighboring states (Delaware, New York, and Pennsylvania); Massachusetts, which has similar workforce and taxation issues; and Texas, which has established itself as both a draw for manufacturing companies and as a major center for innovation and technology. NJPRO realizes that with an increasingly competitive marketplace and advancements in technology, any state could lure away New Jersey jobs. These indicators should be employed as broad standards, which cannot be directly connected to the recommendations we propose. However, NJPRO strongly encourages the

State to establish a framework of benchmarks and indicators to track progress in advancing prosperity and restoring a healthy business climate. These metrics will help guide implementation efforts and can be evaluated against other states.

This report also makes note of what data we would like to collect in the future; as our state and national economies evolve, new metrics become necessary. Some of these metrics are already captured by New Jersey government but are not available for all states.

## **Embark on Policy Strategies in Areas Perceived as Substandard**

### **COST OF DOING BUSINESS**

It's no secret that New Jersey is an expensive state in which to do business. Our taxes are high, housing is costly, health care premiums are rising rapidly, and energy costs have skyrocketed. While New Jersey has one of the highest per capita incomes in the country, most families and small business owners are stretching to make ends meet. Over and over, our survey responses and conversations with business leaders demonstrated that other states with lower taxes and cheaper cost of labor look very attractive to business owners. In order to keep these businesses in New Jersey, government must take on the responsibility of driving down the costs of living and doing business.

### **INDIVIDUAL AND BUSINESS TAX STRUCTURES**

#### **Short-term**

- **Impose no new taxes, fees, or surcharges.** While the State currently is making great efforts to balance a large deficit, New Jersey individuals and businesses already shoulder an excessive tax burden. The Governor and Legislature should work to eliminate wasteful government spending instead of instituting or raising any new taxes, fees, or surcharges on individuals or businesses.
- **Cut spending at the local level.** The State should strongly encourage shared services and consolidation, closely monitor local spending, and create a best management practices for all municipalities to monitor expenditures. The

State should incentivize savings through shared purchases of goods and services. Municipalities must also be held accountable for the cost of doing business in the state.

- **Cut spending at the state level.** With the current budget climate and the national recession, cutting government spending is an essential step toward regaining economic stability. All levels of state government should exercise prudence and economy going forward, and spend only within the State's means. When other states have encountered downturns, they reduced their budgets—when New Jersey faced shortfalls in the past, we borrowed to balance the budget. This changed in 2008 and needs to continue. The State should empower voters with the final word on all government borrowing. Further, when the State does realize a windfall (i.e., tobacco litigation money), the money should be directed toward capital investment projects, not balancing operating expenditures. Other states have been able to invest in innovative incentive programs and capital projects that will have positive long-term economic growth impacts.

### *Long term*



**Reform taxation policies to better support businesses and grow jobs by a) conforming the net operating loss tax policies to national standards, and b) enacting a single sales factor**

**business tax reform for businesses in phases.**

To allow businesses to compete nationally and internationally, businesses should be allowed to carry forward net operating losses into profitable years. New Jersey is the only state that requires a company to reduce its net operating loss carryforward by the deduction it is allowed for dividends received from subsidiaries. The State should eliminate the requirement that a company reduce its net operating loss carryforward by the deduction it is allowed for dividends received from subsidiaries. Repealing onerous provisions that are unique to New Jersey would encourage investment

in our state. The federal government allows a two-year carryback and 20-year carryforward. Of the 46 states with corporate business taxes (including D.C.), 24 states allow the 20 year carryforward, including neighboring states: New York, Pennsylvania, Connecticut, and Delaware. New Jersey's NOL policy allows only seven years, and does not allow survival of NOLs in mergers and acquisitions.

Single Sales Factor reform for businesses eliminates the hidden "headquarters" tax for businesses by basing New Jersey business taxes solely on New Jersey-based sales, instead of a combination of sales, property and employees in the state, which penalizes companies that are committed to New Jersey and rewards companies that simply sell in the state but have little property or employees. Currently, seventeen states have implemented or are phasing in a form of single sales factor tax reform, including New York and Pennsylvania.

Both of these tax reforms can be phased in gradually, mitigating their impact on state revenues, while reducing the cost of doing business in New Jersey and retaining and attracting more jobs.

- **Eliminate the half-millionaire tax bracket.** As the state regains its fiscal footing, the Legislature and Governor should seek to lower the very high 8.97 percent income tax on taxpayers who earn more than \$500,000. This tax rate deters business owners and executives who are considering New Jersey as a location for business operations, and in the long run, likely impairs the State's revenue stream more than it augments.

## How NJ Ranks

### State & Local Tax Burden (2007, Percentage of Income)

U.S. Average	11.0%
New York	13.8%
Connecticut	12.2%
<b>New Jersey</b>	<b>11.6%</b>
Pennsylvania	10.8%
Massachusetts	10.6%
Texas	9.3%

## Corporate Tax Structure

**What it measures:** The Tax Foundation's Business Tax Climate index attempts to determine the most favorable tax climates, rewarding simpler tax structures, structures with the broadest bases and lowest rates, and those with the least distortions.

**Why it's important:** A simpler tax structure, with no loopholes that taxes lower rates on more businesses provides a more equitable playing field for doing business.

Source: Tax Federation

## State & Local Tax

**What it measures:** State and local taxes as a percentage of income.

**Why it's important:** The State's economic competitiveness is influenced by the state and local tax burden; business leaders may make decisions on location or expansion of business based on state and local tax structure.

Source: Tax Foundation

## How NJ Ranks

### Corporate Tax Structure (2008, Business Tax Climate Index)

U.S. Average	5.00
Texas	6.23
Delaware	6.03
Pennsylvania	5.15
Connecticut	4.99
Massachusetts	4.96
New York	4.11
<b>New Jersey</b>	<b>3.98</b>

## AFFORDABILITY

### Short Term

- **Continue to reform and lower property taxes in New Jersey.** Shouldering the burden of the highest property taxes in the country is not helping our State attract or keep CEOs and other business leaders, who have the ability to move or create jobs in our state. While the Legislature and Governor embarked on commendable property tax reform efforts in 2006, NJPRO believes that our policy leaders can do better in providing more relief and reform for New Jerseyans. Lowering property taxes should not be achieved by raising revenue through other means. NJPRO believes efforts should be made to cut spending across government agencies, and that consolidation of redundant services may be where great efficiencies can be found, whether across municipalities, school districts, or fire districts. An example of how other states have decreased the size and spending of government is Delaware, which has just 19 school districts compared to New Jersey's 671. That's a ratio of .085 districts per household in Delaware, compared to .258 in New Jersey; the U.S. average ratio of school districts to households is .173.

### How NJ Ranks

**Property Tax Burden** (2005, Property taxes as percentage of median income)

U.S. Average	2.71%
<b>New Jersey</b>	<b>6.75%</b>
Connecticut	5.00%
New York	4.59%
Massachusetts	3.95%
Pennsylvania	3.57%
Texas	3.53%
Delaware	1.27%

## HEALTH CARE

Reducing the high cost of health care is tantamount to the survival of small and large businesses in New Jersey, according to our survey respondents and our business leaders. Therefore, it is essential that the State focus on reforms to the health care system overall in order to lower costs for employers and specifically target reforms at the amount and quality of health care being given. Spending more on health care does not necessarily guarantee better care or better health outcomes. In fact, some research has shown that patients with chronic illnesses who receive more services and care are not necessarily attaining better health outcomes. The Dartmouth Atlas of Health Care, a report produced by the Dartmouth Institute for Health Policy and Clinical Practice, found that the states which spent the most on health care

### Property Tax Burden

**What it measures:**  
**Property taxes as a percentage of income.**

**Why it's important:**  
**The State's economic competitiveness is influenced by its tax environment; business leaders may make decisions on location or expansion of business based property taxes.**

**Source: Tax Foundation, US Census Bureau American Community Survey, MSN Money**

## How NJ Ranks

**Health Care Spending** (2007,  
Health Care Expenditures per capita)

U.S. Average	\$5,283
Massachusetts	\$6,683
New York	\$6,535
Connecticut	\$6,344
Delaware	\$6,306
Pennsylvania	\$5,933
<b>New Jersey</b>	<b>\$5,807</b>
Texas	\$4,601

## Cost of Health Insurance

**What it measures:**

The average annual cost of single and family health insurance premiums for small group and individual plans.

**Why it's important:**

Health care costs can vary widely by state and are a top concern of businesses as well as individual entrepreneurs.

Source: America's Health Insurance Plans, Center for Policy and Research

## Health Care Spending

**What it measures:**

Per capita expenditures for all privately and publicly funded personal health care services and products (hospital care, physician services, nursing home care, prescription drugs, etc.)

**Why it's important:**

Health care costs can vary widely by state and should be linked to quality of care.

Source: Kaiser Family Foundation, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

## How NJ Ranks

**Cost of Health Care** (2007, Average of mean single and family premiums, unweighted)

U.S. Average	
Texas	\$5,743
Pennsylvania	\$5,813
Connecticut	\$7,158
<b>New Jersey</b>	<b>\$7,645</b>
Massachusetts	\$8,116
New York	\$8,795



## Cost of Hospital Stay

**What it measures:**  
Daily operating and non-operating expenses for registered US community hospitals

**Why it's important:**  
Health care costs can vary widely by state and should be linked to quality of care.

**Source: Kaiser Family Foundation, 2005 AHA Annual Survey**

consumed more than one-and-a-half times the Medicare dollars spent by the lowest spending states. Three states—New York, New Jersey, and California—spent at a level that was more than 20 percent above the national average of \$46,412. Yet while we spend more money on health care, we are not necessarily achieving better health outcomes.

### Short term

- **Create statewide standards and performance measures for high quality and effective health care.** Health policy innovation leaders at the Leapfrog Group and the Dartmouth Atlas Project have identified benchmarks and tools to identify high-quality health care and incentives to promote more efficient care. Statewide standards should be built on the use of evidence-based interventions, in which the benefits of treatment are shown to substantially outweigh the harms. These standards should also seek to eliminate unnecessary procedures or medication, based on scientific evidence and risk measures. Better care

## How NJ Ranks

**Cost of Hospital Stay (2005, Expenses per Inpatient Day)**

U.S. Average	\$1,522
<b>New Jersey</b>	<b>\$1,797</b>
Massachusetts	\$1,751
Delaware	\$1,715
Connecticut	\$1,713
Texas	\$1,636
New York	\$1,539
Pennsylvania	\$1,500

and increased transparency could decrease the cost of healthcare for everyone, with less return visits, misdiagnoses, or unnecessary treatment.



**Enact reforms to the State's health benefit plan and Medicaid program, creating efficiencies, increased quality, and cost savings.**

As a provider of health benefits to a significant percentage of the state's population, New Jersey should look to its own health benefits plans and Medicaid program to establish best practices. Institution of evidence-based medical standards – what actually works – and encouraging doctors and caregivers to not practice defensive medicine will increase quality and reduce costs. Increased emphasis should be placed on prevention of chronic illness, such as treating patients who are overweight, before obesity leads to other health issues such as diabetes, heart disease, and work disability. Best practices established by the State can be used as a model for lowering costs and creating better health outcomes for private sector health benefit plans.

- **Pursue the widespread use of electronic health records to increase quality and reduce unnecessary cost.** Investing in a statewide system of electronic health records will reduce

the cost of health care while ensuring quality and reducing the opportunity for medical mistakes. Health information technology will help eliminate duplicative procedures and administrative functions, providing savings and reducing potential errors. The US Department of Health and Human Services estimates that a national health information network could save \$140 billion annually through improved care and better administration. Our State should invest in a system of keeping health and medical records electronically.

### *Long term*

- **Establish benchmarks and a monitoring system to ensure superior health care in all our hospitals and acute care centers and deliver performance information to consumers in comprehensible language.** The State should encourage hospitals and other acute care centers to report important performance information to the general public, such as infection rates, elective surgery rates, and hospital days per patient. Creating data benchmarks and measuring differences in spending, content, quality, and health care outcomes is essential to patients' abilities to make a decision regarding their own health care, as well as allowing the State to make decisions about where financing and reorganization may be necessary. Establishing an incentive program to reward quality care and efficient use of state funds would ensure that quality care is available throughout the State, for all our populations.

## **STATE ENVIRONMENTAL & LABOR REGULATIONS**

New Jersey has earned itself a damaging reputation for over-regulation and a heavy-handed, time-consuming bureaucracy. This perception equates to loss of time and money for the business leaders we surveyed, and is a major reason that businesses are cautious about locating and expanding in

New Jersey. Policy leaders and government departments need to find the balance between protecting our environment, our workers, and our citizens while protecting our jobs. With the expansion and innovation of technology, the State has numerous online tools to speed up and simplify the interaction that businesses have with State agencies. NJPRO has looked at several other states who have achieved national recognition for their regulatory environments. Virginia is noted for its turnaround time on permitting. New York has revised and streamlined its regulatory procedures and is now a national model; Washington State has recently turned to the New York model to overhaul its regulatory environment.

### *Short term*

- **Improve public notification laws.** Establish a "best management practices" for notifying and obtaining input from the public on new regulations and laws by studying other states' and the federal government processes. Establish an online rule proposal "hotline" so businesses have the earliest possible notification of intended regulatory changes. Every effort should be made to notify the public online, both through posting on the Internet and e-mail delivery.

### *Long term*

- **Create an Office of Economic Impact Study, giving it the capacity and authority to review all proposed regulations and laws in order to better assess the impact upon New Jersey's economy and businesses.** The New Jersey Regulatory Flexibility Act of 1986 requires government agencies to consider a regulation's effects on businesses, including cost and effects on operations. However, New Jersey agencies have proven to be ill-equipped to do comprehensive and independent cost-benefit analysis of their regulations and rules. An Office of Economic Impact Study could be designed to be nonpartisan and independent of any department (for instance, it could be located in, but not of, Treasury, the Office



of Economic Growth, or the State Comptroller's Office). Currently, the diverse state departments have varying levels of ability and use different methods to analyze the costs and benefits of the regulations they promulgate. While we do not promote the creation of additional bureaucracy, we see the necessity of such a dedicated unit in order to provide unbiased economic analysis, stabilize the business environment, and secure taxpayers' money in the long run. The New York State Administrative Procedures Act (NYSAPA) sets out requirements for regulatory analysis, including clarity, consideration of impacts on small business, and consistency with legislative intent.

- **Streamline the State's permitting processes by creating a web-based consultation and submission system as well as web-based data banks to allow applicants to track the progress of their applications across all agencies.** Internal electronic data banks and regular meetings should also be established to ease inter-agency coordination and monitor progress. While the Action Council on the Economy (ACE Team) meets regularly to discuss such matters, more emphasis should be placed on changing the State's reputation as an over-regulated and bureaucratic place to do business. Businesses need predictability and transparency in order to make risk assessments and develop confidence to locate in the State or invest in expansion. NJPRO recommends instituting a consumer service environment within our State agencies for interactions with the business community. Permit applications that require additional time or effort on the part of an agency should be assigned to a state representative that will work with the applicant and the department to resolve the issues quickly, efficiently, and according to the state's standards. Creating a team of such "liasons" to work closely with companies and business owners would foster a more productive relationship between the business community and government. In recent years, regulatory reforms in the states

of New York and Washington have streamlined their burdensome regulation process and sought to eliminate unnecessary red tape.



**Continue to upgrade and improve New Jersey's online business portal, <http://www.state.nj.us/njbusiness>.**

The redesigned New Jersey Business website has been a major improvement, but more progress must be made to transform it into a one-stop, secure website providing licensing, permitting, regulatory approvals or filings, and tax submission services for businesses. Legislators should dedicate annual funding to provide resources to this essential tool for businesses. The NJBusiness website is often the first introduction that out-of-state businesses have to New Jersey, and its ease of use and range of services should be made a priority by all departments that interact with state businesses. Allowing businesses to apply for permits online, track their progress, and receive updates via e-mail would be a significant leap forward in positioning the State as responsive and welcoming to business interests. Washington State's business portal has been lauded as a strong model for one-stop shopping for businesses' needs.

# Improve Vulnerable Areas of Business Economy

## ENERGY

To remain competitive in the global economy, the State must prioritize stabilizing energy prices and increasing its supply of reliable and safe energy. Several business leaders indicated that the increasing cost of energy could have an influence on where they locate their company and their ability to expand their businesses. The Governor and Legislature have already set aggressive goals for energy efficiency and the lowering of greenhouse gas emissions. Reducing our energy demand and increasing the State's supply of clean, low-cost generation can help to stabilize energy costs for businesses and residents over the long term.

### Short term

- **Prioritize business and industry in all State Energy Efficiency programs and incentives.** While we support the reduction of 10,000 GWh by 2020 through energy efficiency, we recommend that the energy efficiency

program be carried out in the most cost-effective manner possible that will help New Jersey's business community, and not penalize our remaining manufacturers and large energy users. Incentives for businesses to upgrade lighting, machinery, heating, and manufacturing equipment will create a more sustainable energy future for the state and benefit everyone, as the lowered demand will work to stabilize energy prices. We believe that incentivizing energy efficiency in businesses will provide the greatest "bang-for-the-buck," and allow the state to reach its energy efficiency

### How NJ Ranks

**Cost of Energy** (2005, Average of mean industrial and commercial energy costs, nominal dollars per million btu)

U.S. Average	\$14.61
Pennsylvania	\$13.80
Delaware	\$14.97
Texas	\$16.01
<b>New Jersey</b>	<b>\$16.71</b>
Connecticut	\$17.14
New York	\$17.18
Massachusetts	\$20.20

## Cost of Energy

### What it measures:

**What businesses pay on average (mean average of industrial and commercial) for primary energy resources, fuel, and retail electricity.**

### Why it's important:

**Energy costs are often a determining factor in site location for businesses; energy costs have been on the rise in recent years, and are another major concern along with labor and health care costs.**

**Source: Energy Information Administration**

goals more quickly and at least cost. Currently, we know that the BPU's Residential Energy Efficiency program brings \$4 of savings for every \$1 in spending, whereas the Commercial and Industrial energy efficiency retrofit program earns \$11 in savings for each dollar invested. However, 60% of BPU's program dollars are invested in residential units, and only 40% in commercial or industrial. Further, energy efficiency incentives should be granted to businesses, regardless of location; reductions in energy usage need to be instituted everywhere to lower the state's consumption, reduce emissions, and stabilize costs. Other states with high energy costs have begun to actively pursue energy efficiency measures; Vermont and New York in particular have focused on a commitment to increase energy efficiency across all sectors of their states.

- **Help small businesses with energy costs. Technical and financial support for small businesses should be made available through the Economic Development Authority in conjunction with the Board of Public Utilities.** Energy efficiency audits, group purchasing of energy-efficient equipment, and low-interest loans for energy investment and retrofits should be made available for small businesses.

- **Exempt efficient cogeneration units from the Sales & Use Tax on fuel.** Cogeneration, or combined heat and power (CHP), is a commercially viable technology that can lower energy costs and decrease carbon emissions. No significant cogeneration unit has been built in New Jersey since 1999, partly due to an unfavorable change in the taxation system. In order to encourage the building of more cogeneration units, which will help stabilize supply and costs for all energy users in the State, the Sales & Use Tax on fuel should be eliminated. This would not be a cost to the State, since no new cogeneration has been built since the tax was implemented, and units that were built prior to the tax change are not subject to the tax.

### *Long-term*

- **The State should enter into a public/private partnership with a utility or other generation builder to create clean and affordable new generation, implementing a strategy to build 1500 megawatts of combined heat and power and 3000 megawatts of other generation by 2020.** A new generation portfolio should support both nuclear and liquefied natural gas facilities. The State must look to ensure that new generation built in New Jersey benefits New Jersey users most directly, and that power is not sent out of state at a cost to our residents and businesses. Long-term pricing contracts with generators should be considered to encourage the building of new generation, as well as protecting our businesses from unnecessarily high costs. Utilities in several other states have begun the long process for applying and building nuclear power and other large scale, carbon-neutral energy power plants, including Illinois, Maryland, South Carolina, and Texas.

## LEGAL LIABILITY LAWS

The State has challenging work ahead in changing the perception of New Jersey as having an over-regulated system wherein bureaucracy and the potential exposure to litigation act as barriers to economic success. The U.S. Chamber Institute for Legal Reform has found that liability laws that are perceived as onerous can change corporate behavior, no matter the actual cost to productivity and profits. Currently, 93 percent of the pharmaceutical mass torts in the New Jersey judicial system are brought by out-of-state plaintiffs, according to New Jersey Lawsuit

### Lawsuit Climate

**What it measures:** Annual assessment of state liability systems sponsored by U.S. Chamber Institute for Legal Reform and conducted by Harris Interactive, a market research firm; covers several factors affecting tort liability systems, including judges' competence to overall treatment of tort litigation.

**Why it's important:** The State's litigation environment can affect company decisions, particularly where scientific and technological research is performed.

Source: U.S. Chamber Institute for Legal Reform

Reform Alliance. Our corporate liability laws must be examined in the context of federal laws and global competition, so that businesses can feel they are being treated fairly. Liability laws must be transparent, logical, and comprehensible, giving companies a sense of predictability, so that they can effectively manage their risk investment and grow jobs in our State.

### Short term

- **Oppose changes to the Wrongful Death Act and support the current law.** Proposed legislation would allow recovery of damages for “grief” or “emotional distress” of a decedent’s survivors, going well beyond what most other states allow in wrongful death actions. New York, Pennsylvania, Connecticut, and North Carolina are among the 27 states that do not allow litigation for “grief” damages at all. Unlike these states, New Jersey provides full compensation for decedents’ survivors, allowing claimants the right to collect damages based on financial support, but also the pecuniary values tied to loss of companionship, advice, and guidance. These time-tested rules allow for certainty and predictability, which is important to families of the deceased and to the civil justice system—changes to the rules could weaken the system.

### How NJ Ranks

**Lawsuit Climate** (2008, states were scored from 0-100 with '100' as the best and '0' as the worst)

<b>U.S. Average</b>	<b>59.4</b>
<b>Delaware</b>	<b>71.5</b>
<b>Massachusetts</b>	<b>63.5</b>
<b>Connecticut</b>	<b>63.2</b>
<b>New York</b>	<b>61.6</b>
<b>New Jersey</b>	<b>58.0</b>
<b>Pennsylvania</b>	<b>57.8</b>
<b>Texas</b>	<b>56.8</b>



## **Enact legal liability reform measures in New Jersey to create a responsible liability environment in the state.**

The risk of costly lawsuits is seriously undermining businesses' ability to locate in New Jersey and remain globally competitive. New Jersey's current class-action and liability laws allow for forum shopping to occur. According to the New Jersey Lawsuit Reform

Alliance, 93 percent of pharmaceutical mass torts in the State's system are brought by out-of-state plaintiffs. For the past several years, Delaware has been rated the best legal climate by the U.S. Chamber of Commerce, receiving commendation for its overall treatment of tort and contract litigation, its treatment of non-economic damages, and the fairness and competency of its judges.

## **Continue to Invest in New Jersey's Strengths**

### **SKILLED WORKFORCE**

Responses from our survey and the in-depth interviews indicated that a great asset for the State is its highly educated, highly skilled workforce. Recognizing that our workforce and our education system attract many business leaders to locate or expand their operations in New Jersey, NJPRO recommends that we continue to strengthen the State's ability to teach, train, and guide all members of our workforce. Our research uncovered a weakness in the education and workforce development system—our business leaders feel that much of the potential workforce is unprepared for the 'blue-collar' and technological jobs that they need to fill. The State must make it a priority to educate and train its residents for these well-compensated jobs that require technical know-how, yet might not require a four-year college degree.

#### **Short term**

- **Support the expansion of a technically skilled workforce for the State's businesses.** Expand upon current programs to reach high school and middle school students with alternative career paths to college dependent careers. Business leaders in our state have recognized the great need in our manufacturing sector for skilled workers with technical knowledge. Many technologists

and technicians in the manufacturing, utilities, pharmaceutical, and other sectors can earn high wages, yet may not need to invest in the time and financial constraints of a four-year college education.

- **Launch an "Educate the Educators" program.** All too often, our teachers, guidance counselors and school administrators are unaware of the changing needs of the workforce in our global economy. The State must create an outreach effort to inform teachers, guidance counselors and school administrators about current workforce needs and the specialized programs available to students at vocational-technical schools, county colleges, universities and other post-secondary programs.
- **Expand workforce training by creating more flexible requirements and increasing promotion to businesses.** The New Jersey Department of Labor and Workforce Development programs currently train adults and workers through New Jersey's 19 community colleges, and have shown to be effective and cost-efficient in delivering training. However, businesses have met difficulties in applying for grants to train their workers. By instituting more flexible requirements to participate and creating a straightforward application and administration process requiring



minimal effort on the part of employers, more businesses will participate and more employees can benefit from training programs. North Carolina has received strong rankings nationally for their workforce preparedness and offers free, customized skills training through their system of community and technical colleges.

### *Long term*

- **Develop a “Green Collar” Workforce.** With New Jersey’s aggressive alternative energy mandate to have 20 percent of its power come from renewable sources by 2020, the State must invest in workforce training in order to supply, monitor, and maintain these alternative energy resources. New Jersey must position itself to lead the country in training and retraining workers to fill the needs of the growing “green economy.” The green economy will need highly skilled and educated workers who can perform energy efficiency audits and upgrades, install solar panels and wind turbines, and execute energy-focused carpentry and electrical renovations. Our community colleges should create programs that allow students to specialize in designing, installing, and maintaining solar-energy systems.
- **Grow the capacity of New Jersey’s vocational schools to meet demand.** New Jersey’s vocational schools are a success story. Half of the 36 New Jersey high schools named to the top 500 in the nation are county vocational-technical schools. Yet, for every two students who apply to a vocational school, there is only one open seat. Expanding the available seats at our vocational schools, as well as continuing to recruit quality faculty and targeting programs toward business and industry needs, is essential for creating a strong future workforce.
- **Expand emphasis on science, technology, engineering, and mathematics (STEM) to all high school students, not just students in vocational-technical schools.** Curriculum and learning standards across all high schools should

reflect the knowledge and technical needs of the workforce. By integrating STEM concepts and rigorous standards into the general curriculum, the State will better prepare our students to meet the challenges they will face in higher education and in the constantly transforming workforce. Connecticut’s governor has recognized STEM disciplines as a priority in their educational system, including creating support for STEM-based teacher development. Many other states, including Massachusetts, Texas, and Rhode Island, have established STEM initiatives in their education systems.

### ***BUSINESS INCENTIVES***

Business and industry leaders recognize New Jersey’s efforts to attract businesses through its various incentive programs. However, with the economic climate becoming increasingly competitive, NJPRO believes the State’s policy makers have an opportunity to reform the current incentive packages offered through the Economic Development Authority to assist businesses and to encourage more companies to locate or expand in New Jersey. Seemingly, every other state provides some kind of tax incentives or grant programs to lure companies to locate or expand their enterprises. Washington, North Carolina, Florida and many others are competing to offer the best possible packages to CEOs looking to relocate or expand their headquarters. NJPRO’s recommendations are focused on helping the State become a viable player in the incentives competition, while focusing on maintaining the fiscal responsibility and sustainability of the current programs.

### *Short term*

- **Amend the Business Retention and Relocation Assistance Grant (BRRAG) tax credit program to encourage greater utilization.** The Legislature should amend BRRAG by a)

expanding eligibility to businesses in danger of leaving the State due to uncompetitive business costs or lease expirations (not just relocating companies) and b) expanding the sales tax exemption for property fit-up (equipment, furniture, fixtures) costs in new facilities to all BRRAG recipients. BRRAG has been underutilized in the past, and reforming BRRAG to maximize its benefits will not increase State spending.

- **Reform the Business Employment Incentive Program (BEIP) for businesses located in urban areas.** Reforms that would greatly improve the BEIP program include removing the cap on new employee salaries and excess job creation requirements (limited to 120 percent of the original job creation goal) for businesses located in urban areas. Further, discretionary extensions of the 10-year term limit on participation should be allowed, with lowered grant amounts and increased job retention mandates. Removing program limitations will not create new costs. As a proven urban job generator, research has shown that for every \$1 spent on BEIP, \$3.70 in State tax revenues are generated.

### How NJ Ranks

**Manufacturing Capital Investment**  
(Nominal capital expenditures per production worker, 2006)

<b>U.S. Average</b>	<b>\$14,804</b>
<b>Delaware</b>	<b>\$29,880</b>
<b>Texas</b>	<b>\$22,752</b>
<b>New Jersey</b>	<b>\$17,908</b>
<b>Massachusetts</b>	<b>\$14,450</b>
<b>Pennsylvania</b>	<b>\$12,244</b>
<b>Connecticut</b>	<b>\$11,804</b>
<b>New York</b>	<b>\$11,755</b>

### Long term



**Encourage innovation in our technology-driven economy through increased research and development funding at state colleges and universities and cultivating academic research partnerships with private industry.** Currently, private industry in New Jersey is the leading source of research and development (R&D), largely due to the pharmaceutical industry. While New Jersey ranks in the 1st quartile for industry-performed R&D, we lag in academic R&D spending. New Jersey must strive to increase academic R&D spending, and diversify the areas of health, science, engineering, and technology where these R&D dollars are spent in order to better compete with the challenging global economy. Massachusetts ranks

## Manufacturing Capital Investment

***What it measures:***  
Capital expenditure in manufacturing per production worker.

***Why it's important:***  
Capital investment in equipment or upgrades can signify manufacturer's attempts to innovate and increase efficiency and productivity.

**Source:** U.S. Census Bureau, Annual Survey of Manufacturers



## How NJ Ranks

**Academic R&D Spending** (2005, Academic R&D per \$1,000 of state GDP)

U.S. Average	3.63
Massachusetts	6.50
Pennsylvania	4.84
New York	3.75
Connecticut	3.46
Texas	3.11
Delaware	2.04
<b>New Jersey</b>	<b>2.03</b>

## Productivity in Manufacturing

### *What it measures:*

Value added per manufacturing per production hour; essentially, measures the productivity of the manufacturing sector.

### *Why it's important:*

Productivity of workforce is essential to a state's competitiveness; less sensitive to business cycles than output per worker.

Source: U.S. Census Bureau, Annual Survey of Manufacturers, Geographic Area Statistics

## Academic R&D Spending

### *What it measures:*

Extent of spending on academic research performed relative to the size of the state's economy.

### *Why it's important:*

High values for this reflect an academic R&D system that can compete for funding from federal, state, and industrial sources.

Source: National Science Foundation

## How NJ Ranks

### **Productivity in Manufacturing**

(Value added per manufacturing per production hour in 2005, Dollars per hour)

U.S. Average	\$122.73
Delaware	\$178.38
Texas	\$168.58
Connecticut	\$146.83
Massachusetts	\$139.49
New York	\$132.87
<b>New Jersey</b>	<b>\$132.28</b>
Pennsylvania	\$121.36

in the 1st quartile for both industry and academic R&D spending, and California, Colorado, Michigan, and New Hampshire have high rankings for both types of spending. Texas is encouraging innovation through its Texas Emerging Technology Fund, a \$200 million fund directed at R&D activities in emerging technology. In California, the governor's budget provided \$40 million in lease revenue bonds to several universities in the event they won a global competition for the British Petroleum Energy Biosciences Institute grant.

- **Create a new 20 percent manufacturing investment corporation business tax credit.** Implementing a 20 percent corporate tax credit for manufacturing investment will reward companies that invest in New Jersey's manufacturing base and help retain good paying jobs. A manufacturing tax credit will allow New Jersey businesses to invest in new equipment and technology upgrades to improve productivity and be able to compete

more effectively. A more productive and innovative manufacturing sector will work to stabilize the manufacturing economy and allow New Jersey to compete with other states for manufacturing companies, such as New York and Connecticut, who offer such credits.

- **Establish an Industry Cluster Program that will target incentives for collaborative activities between groups of companies in "clusters."** Industry clusters are groups of similar or related companies in a geographic area that share common knowledge and a buyer-seller network, and that find a competitive advantage from being located close to a knowledgeable workforce, specialized suppliers, and competitors. Incentives for clusters should be directed at workforce development and business incubation needs. An example of a cluster might be a Creative Services/Arts Cluster, which would include motion picture and video production, graphic design artists, software producers, computer system design, and independent artists, musicians, and writers. Washington State has brought together its wine growers and glass manufacturer industries in a cluster-type program. Florida is encouraging industry cluster programs, both geographically and by type of industry, partly through its Qualified

## Employment from Small New Businesses

**What it measures:**  
Percentage net change in employment contributed from establishment births less establishment deaths in companies with fewer than 500 employees.

**Why it's important:**  
Measures new business growth and suggests the healthiness of the climate for start-up businesses.

### How NJ Ranks

#### Employment from Small New Businesses (2003-2004, Percentage)

U.S. Average	1.7%
Delaware	1.9%
<b>New Jersey</b>	<b>1.7%</b>
Texas	1.6%
Pennsylvania	1.5%
New York	1.2%
Massachusetts	0.7%
Connecticut	0.7%

Target Industry Tax Refund that promotes job creation in specific industries. Enterprise Florida—Florida’s public-private partnership, established for attracting businesses to the state—assists potential new employers through identification of sites that match a company’s criteria, as well as support in obtaining incentives and permits. Pennsylvania has identified nine industry clusters, targeted for workforce development strategies based on projected labor shortages, growth potential, and significance to the state’s economy.

## INFRASTRUCTURE

Business leaders indicated that one of New Jersey’s great advantages is its geographical location in the Northeast, its proximity to major ports and airports, and its nearness to large markets. Its infrastructure was rated as high-quality by many of our respondents, but our responders cautioned that significant steps must be taken to strengthen the State’s role as a major transportation hub for the Northeast. The State must support an efficient, convenient, safe and affordable transportation network for commuters, as well as create a more sustainable, affordable, and efficient network to move goods and freight. The vehicle miles traveled per capita have increased steadily over the past three decades in New Jersey, which has increased the level of pollutants emitted and decreases our

economic competitiveness because of congestion and traffic. According to the American Society of Civil Engineers New Jersey Section, in 2005, New Jersey motorists paid about \$3.6 billion dollars in extra vehicle repairs and operating costs due to poor road conditions—that’s roughly \$613 per motorist.

New Jersey’s broadband infrastructure is currently one of the best in the nation. While the Internet holds great promise for future economic growth, its continuing success will require business and government to work together, each doing what it does best in the interest of the country and its consumers. That is how business will have the certainty it needs to invest and innovate, and government will have the tools it needs to provide consumers with leading-edge technology resources and protection when necessary.

### How NJ Ranks

**Quality of Highways** (2005, Rough highway miles per 1,000)

<b>U.S. Average</b>	<b>126.6</b>
<b>Texas</b>	<b>104.4</b>
<b>Connecticut</b>	<b>230.1</b>
<b>New Jersey</b>	<b>228.2</b>
<b>Massachusetts</b>	<b>223.8</b>
<b>New York</b>	<b>190.1</b>
<b>Pennsylvania</b>	<b>160.8</b>

## Quality of Highways

**What it measures:**

**Number of miles graded rough or worse per 1,000 total miles of state and interstate highway by Federal Government.**

**Why it’s important:**

**A safe, reliable, and efficient highway network is essential for transporting both goods and people.**

**Source: Federal Highway Administration**

## *Short term*

- **Continue to fund and expand the Urban Fund and the Port Initiative.** Despite the state’s budget deficit and the national recession, it is imperative that the State continue to invest in private/public partnerships that will improve the State’s port facilities, transportation infrastructure, and urban areas. The Urban Fund was launched in 2006, as a public-private initiative to promote business investment in urban areas; its initial capital commitment of \$185 million from the state is expected to leverage investments from the private sector, and to generate over half a billion in total investment in New Jersey. The Port Initiative seeks to promote international business development through the State’s ports and logistics systems by partnering with private sector enterprises and coordinating efforts and investments by numerous state agencies and the Port Authority of New York and New Jersey.
- **Identify potential Industrial Node locations throughout State and create support networks for businesses that locate or expand there.** Businesses located in these areas should be given assistance with planning tools, regulatory issues, and economic development incentives. Currently, the State supports a Heavy Industrial Node policy through the Smart Growth State Plan Endorsement Process. However, few municipalities and cities have submitted or received plan endorsements to date, and no real benefits have been passed on to these Industrial Nodes. Industrial Nodes should be identified in connection with creation of the Industry Cluster Program identified above—not all may be identified as “heavy industry,” but should be able to partake of similar benefits. We should support the creation of Industrial Node locations prior to plan endorsement, and pass along real benefits and incentives to businesses, with the input of the Department of Environmental Protection, Department of Community Affairs, and the Economic Development Authority.

Florida offers an assortment of tax incentives to businesses that create employment within areas targeted for economic revitalization as well as in underutilized industrial or commercial sites. Connecticut offers dollar-for-dollar corporate tax credit (up to a maximum of \$100 million) for companies locating in urban and industrial sites. With the current budget limitations, New Jersey should look beyond tax incentives to other means of support the State can offer businesses who locate in our industrial areas.

## *Long term*

- **Incentivize alternative workplace transportation options.** Businesses that provide alternative transportation to employees, such as shuttle busses or carpool programs, and can provide verification of lowering the number of vehicle miles traveled per worker and reducing greenhouse gas emissions, should be rewarded for decreasing congestion and increasing our economic competitiveness. Currently, New Jersey has county-level incentives for carpooling that are underutilized. With current energy prices and a strained supply, the State should promote these incentives and perhaps expand them to specific companies to increase shared rides. Emory University in Atlanta, GA, and Nike in Beaverton, OR, have created successful rideshare programs.
- **Create a grant matching program for companies that invest in a telecommuting program.** Grants can be directed toward reimbursement of equipment or technology. The State should also work with community colleges and universities to create a sharing of technical assistance to set up telework programs, including installing equipment and training programs, which would create hands-on experience for students.
- **Create an interactive online website for local, county, and state government meetings.** Technology innovation has made it possible for residents, taxpayers, and other interested parties to

view government meetings from their own homes, decreasing vehicle miles traveled and increasing transparency. By creating a statewide network for viewing public meetings online, costs can be minimized for local municipalities.

## **BROADBAND**

New Jersey is a national leader in residential broadband penetration; however, broadband is being shaped by evolutionary changes in technology and devices, consumer demand for more connections and content, and capacity. The role that government plays in ensuring the sustainability of that infrastructure is increasingly vital; it is incumbent, therefore, that the State take action to continue to foster growth in these industries. Toward that end NJPRO recommends the following:

- **Establish broadband adoption and investment as priorities to promote economic growth and global competitiveness.**
- **Encourage investment and deployment of a smart, robust broadband infrastructure.**

### **How NJ Ranks**

**Internet Connectivity II** (2007, Percent of households with Internet Broadband Access)

<b>U.S. Average</b>	<b>50.8%</b>
<b>Massachusetts</b>	<b>61.1%</b>
<b>Connecticut</b>	<b>59.7%</b>
<b>New Jersey</b>	<b>57.1%</b>
<b>Delaware</b>	<b>50.4%</b>
<b>New York</b>	<b>54.1%</b>
<b>Pennsylvania</b>	<b>47.7%</b>
<b>Texas</b>	<b>47.6%</b>

- **Support adoption of broadband applications to address challenges in healthcare, environment, education and public safety.**
- **Encourage public/private partnerships to unleash innovative responses to 21<sup>st</sup> century social and technological challenges.**

## **Internet Connectivity**

***What it measures:***  
**Percentage of households with Internet Broadband Access.**

***Why it's important:***  
**For employers looking to locate or expand, it is essential that the workforce has access to broadband for productivity and sharing of information.**

**Source: Federal Communications Commission, National Telecommunications and Information Administration**

## ***Conclusion of Part 2***

At this critical time, when prosperity for New Jersey residents, families, and business owners is threatened by a national downturn and global uncertainty, it is essential that New Jersey's policymakers align their legislative agendas with the interests of economic development. The recommendations contained within this report are achievable and pragmatic policies, intended to reinvigorate New Jersey's business climate. By acting on this blueprint, policymakers will address business' concerns about "Affordability and Investment," and send the message that New Jersey government is ready to partner with the private sector to bring about a better quality of life for its residents.

The overarching goal in the research conducted by NJPRO was to listen to the needs of New Jersey businesses in order to find innovative ways to assist employers, grow the number of well-paying jobs, and bring prosperity to New Jersey residents.

Policymakers in the State should recognize the opportunity that is at hand to reform the way government and business interact in New Jersey. We have the potential to initiate a collaborative effort between the public and private sectors and recreate the business climate in New Jersey. By acting upon the recommendations contained within this report, our aspirations can be achieved: sustainable investment and affordability, enabling New Jersey businesses to grow and compete in the global economy.



# ***New Jersey Business Climate Indicators***

In order to further study New Jersey's business climate, the following data should be collected and published by the State. These metrics can then be analyzed and used as benchmarks in tracking the State's progress in creating a vigorous and competitive atmosphere to attract businesses from out of state, as well as encourage state businesses to expand their enterprises.

## ***WORKFORCE DEVELOPMENT***

New manufacturing jobs created in urban areas

Alternative energy industry: number of jobs and salary statistics

Per capita spending on workforce training programs and apprenticeship programs

Enrollment in workforce training programs and apprenticeship programs

Percentage graduating from apprenticeship/training programs

## ***ENERGY***

Number of energy audits conducted through Clean Energy Program and subsequent savings achieved

Reduced greenhouse gas emissions and vehicle miles traveled through private and public sector commuting programs

Telework employee population (part-time and full-time)

## ***REGULATORY CLIMATE AND GOVERNMENT PERFORMANCE***

Traffic on Business Portal

Average time from application to approval/denial of permits



## ***About the New Jersey Policy Research Organization***

The New Jersey Policy Research Organization (NJPRO) Foundation is an independent affiliate of the New Jersey Business & Industry Association. NJPRO is New Jersey's leading policy organization conducting innovative, timely and practical research on issues of importance to New Jersey employers.

Working with diverse interests, NJPRO sponsors and supports research in New Jersey through both public and private policy research institutes, universities, colleges and individuals.

NJPRO produces many research reports, including the Facts for Discussion series which focus on one topic and presents the facts and policy implications. Recent Facts for Discussion topics include New Jersey's workers compensation system, the cost of healthcare, and tax policy. In addition, NJPRO's annual business research compilation, Bright Ideas for Business, recognizes the best business research being conducted at State colleges and universities.

The authors alone bear responsibility for any factual errors. The recommendations in this report are those of the NJPRO Foundation and do not necessarily represent the views of our funders or those who reviewed drafts of the report.

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**ECONOMIC POLICIES & SOLUTIONS**  
Making New Jersey A Better Place for Business





**NJPRO Foundation, Inc.**  
**102 West State St.**  
**Trenton, NJ 08608-1199**  
**609-393-7707**  
**[www.njprofoundation.org](http://www.njprofoundation.org)**