

### **Ensuring the Economic Competiveness of New Jersey**

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New Jersey is in a tough position. As with every other state throughout the country, we are consistently fighting for growth. This means fighting for new businesses, while at the same time trying to hold onto businesses currently operating in the State. Over the past few months, there has been an active debate regarding New Jersey's use of business attraction and retention incentives, specifically the Grow New Jersey Assistance Program (Grow NJ). While the current Grow NJ program is certainly far from perfect, with some minor changes, it can and should remain an important part of the State's economic development toolkit.

In a perfect world, New Jersey would be competitive without the need for business attraction and retention incentives. Doing business here would be economically efficient, the cost of living would not be as high, and it would be 70 degrees and sunny all year around. Imagine the possibilities—it would be easy to attract and retain businesses. New Jersey wouldn't have to fight tooth and nail, just hoping to get a shot at making a case for why New Jersey is a great place for a business to operate. In reality, that is not the case. In the real world, we are not only competing with our neighboring states, we are competing with states throughout the country. On a regular basis, we hear about companies growing operations in the Southeast or Midwest. While those states are selling the promise of reducing a businesses' overall operating costs, they are also offering aggressive business incentives.

Let's be clear – New Jersey is an amazing place to live and work. We possess many assets that companies desire, including a highly educated workforce, and incredible access to consumers, both domestically and internationally. The State is also home to amazing natural resources, including the Jersey Shore and the Kittatinny Mountains—to name a few.

However, unfortunately, by every significant economic metric, New Jersey ranks at or near the bottom of our peer states. While our skilled labor force and natural resources have allowed us to attract and retain businesses that may otherwise be lured away, simply put, these factors are often far outweighed by the otherwise costly, difficult, and inefficient nature of doing business in New Jersey.

Other states throughout the country have recognized the challenges businesses in New Jersey face. On a daily basis, representatives of other states are meeting with New Jersey-based businesses in an effort to recruit them – and the people they employ – to locations outside of New Jersey.

No one supports corporate welfare. We all expect our state government and private sector employers to act in the best interest of the citizens of New Jersey. However, we also recognize that we operate in a competitive environment, where customers – i.e., businesses which employ our residents – have choices.

New Jersey is selling a “service” to businesses and the people they employ; our school systems, educated workforce, transportation networks, environmental protections, parks, open space, and more. Our competitors are selling these same services, only at a much lower cost and with much greater efficiency.

The fact that New Jersey would offer to reduce the cost of doing business through a targeted incentive program – for a defined, limited period of time – is not an unreasonable proposition. When such a program is required, by statute, to generate a net economic benefit to the State, some would argue that it’s a no brainer.

The Grow NJ program is set to expire on June 30, 2019. It is up our Governor and the Legislature to act quickly to modify and extend the current program. New Jersey should not unilaterally disarm. To drastically scale back, or eliminate, business incentive programs would be an unnecessary unforced error.

As the Governor and the Legislature work to come up with an agreement on the modification and extension of the State’s current incentive program, we offer the following suggestions:

1. Business assistance programs should continue to be linked directly to job creation and/or retention, and private sector economic investment. These metrics reflect directly the goals of state business assistance programs. They are also specific, measurable, and relevant to the assistance offered while also producing indirect economic benefits.
2. Business assistance programs should be available in every community in New Jersey seeking a better economic environment for its residents. *Under the current program, nearly 500 of 565 New Jersey communities are greatly limited in their ability to utilize the Grow NJ program in efforts to attract new businesses.* This provision should be eliminated. Doing so will enable our state, our communities, and businesses of all sizes to all achieve their full potential.
3. Business assistance programs should be tied to state and local planning policies. The New Jersey State Development and Redevelopment Plan identifies areas where much of the new development and redevelopment should occur. Municipalities have the ability to designate areas in need of redevelopment or rehabilitation. Some of our communities have established business or special improvement districts. State policies and local planning and redevelopment efforts should be strongly supported in business assistance programs with a focus on smaller Main Street businesses and communities.
4. There should be rigorous oversight and efficient administration of business assistance programs. This can be partially achieved by focusing on job creation and/or retention, and private sector economic investment metrics, where performance and net benefit tests can be applied easily. Where performance has been documented, the transfer of benefits should be administered efficiently and without delay.

We look forward to continuing to be part of the discussion and working hard to make New Jersey an attractive place for businesses for years to come.