

ASSEMBLY, No. 1432

STATE OF NEW JERSEY

INTRODUCED FEBRUARY 5, 1996

By Assemblymen **CORODEMUS, GEIST, Malone, Azzolina,**
Asselta and Assemblywoman Farragher

1 AN ACT authorizing the Commissioner of Commerce and Economic
2 Development to establish a public-private pilot program in the
3 Department of Commerce and Economic Development for regional
4 global export network centers to assist small and medium-sized
5 businesses.

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7 **BE IT ENACTED** by the Senate and General Assembly of the State
8 of New Jersey:

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10 1. This act shall be known and may be cited as the "Small Business
11 Global Export Network Centers Act."

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13 2. The Legislature finds and declares that:

14 a. The advent of the North American Free Trade Agreement
15 (NAFTA), the conclusion of the Uruguay Round of the General
16 Agreement on Tariffs and Trade (GATT), the integration of the
17 economies of the European Union, the opening of markets in Eastern
18 Europe and former Soviet Union, and the emerging markets of
19 countries in the Asian Pacific, Caribbean Basin, and Latin America, as
20 well as other international trade arrangements present important
21 opportunities to expand exports.

22 b. International trade is important to the State's economy given the
23 State's ideal location, with its two key strategic ports, its
24 well-developed transportation system, its increased international
25 carrier service at Newark Airport, and the establishment of three
26 Foreign Trade Zones. Exports have a material impact in bringing
27 about economic benefits and growth, as highlighted in a recent United
28 States Trade Representative's Office study showing that export-related
29 jobs in both manufacturing and services paid on average 17% more
30 than their domestic counterparts. Other statistics show that total
31 exports grew in the State by 32% from 1989 to 1992, compared to
32 23% nationwide and growth in the State's exports grew faster than
33 growth in the domestic State economy.

34 c. The New Jersey Department of Commerce and Economic
35 Development's Division of International Trade has an aggressive
36 program of assisting export-potential firms in becoming exporters

1 despite operating on a very small staff and budget; however, many
2 small and medium-sized businesses are not able to take advantage of
3 international trade opportunities due to a lack of knowledge or
4 experience in exporting.

5 d. It is of particular importance to provide export assistance to
6 small and medium-sized businesses since these businesses are the key
7 job creators in the State and in many cases, these smaller businesses
8 lack adequate resources to learn how to export. The most effective
9 method of providing training to small and medium-sized businesses on
10 exporting is by creating and promoting a network of centers
11 throughout the State to provide the assistance needed by small and
12 medium-sized businesses to identify foreign markets and learn about
13 exporting. Experience in other states, such as Illinois, Massachusetts
14 and Texas, has shown that export network centers provide small and
15 medium-sized businesses with one-on-one counseling and other
16 customized service oriented assistance with little public cost.

17 e. It is, therefore, in the public interest to authorize the
18 Commissioner of Commerce and Economic Development to act
19 through the Division of International Trade, or through a nonprofit
20 entity designated by the department which may include a nonprofit
21 corporation organized to implement the recommendations of the
22 economic master plan commission, to establish a pilot program to
23 supplement the work of the Division of International Trade whereby
24 the State will be the catalyst in forming, overseeing and coordinating
25 the development of information-sharing network centers, to help small
26 and medium-sized businesses to acquire the knowledge necessary to
27 ensure their competitiveness through exporting. The Department of
28 Commerce and Economic Development shall, to the greatest extent
29 possible, seek the participation of local business groups and
30 organizations, within each network region, that already have trade
31 assistance experience in order to leverage the maximum benefit from
32 available resources through shared office space, equipment, and
33 "on-loan" professionals in order to implement the network functions
34 at a minimum cost to the State.

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36 3. As used in this act:

37 "Authority" means the New Jersey Economic Development
38 Authority established pursuant to section 4 of P.L.1974, c.80
39 (C.34:1B-4);

40 "Centers" means Small Business Global Export Network Centers
41 authorized by the commissioner to participate in the program as
42 provided in section 5 of this act;

43 "Commissioner" means the Commissioner of Commerce and
44 Economic Development;

45 "Division" means the Division of International Trade within the
46 Department of Commerce and Economic Development; and

1 "Economic master plan commission" means the New Jersey
2 Economic Master Plan Commission established by Executive Order
3 No. 1 issued by the Governor on January 18, 1994.

4 "Small or medium-sized business" means a business which has its
5 principal place of business in this State and is independently owned
6 and operated and which is of a size and type defined by the
7 commissioner.

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9 4. a. Within 90 days of the effective date of this act, the
10 commissioner is authorized to designate sites for three centers as part
11 of a program authorized under the provisions of this act. In selecting
12 the sites for the centers, the commissioner shall strive to allocate the
13 three sites in an equitable manner throughout the various regions of
14 the State.

15 b. The division is authorized, after examining export trade
16 development programs in other states and in consultation with the
17 New Jersey Small Business Development Centers, to act through the
18 division, or through a nonprofit entity designated by the department
19 which may include a nonprofit corporation organized to implement the
20 recommendations of the economic master plan commission, to
21 promote the development of the centers to collect, develop, maintain,
22 distribute and publish information relating to exporting for the State's
23 small and medium-sized businesses and to provide direct services to
24 assist small and medium-sized businesses in exporting their goods and
25 services. The services to be provided by the centers shall include, but
26 not be limited to, providing export management advice, assisting with
27 the adoption of export techniques, and developing strategies to enable
28 businesses to meet their exporting objectives, including training that
29 is focused on providing small and medium-sized businesses the
30 opportunity to participate in trade shows and trade missions sponsored
31 by the division. The centers may be divided by industry type or
32 business sector if the division sees the need and receives adequate
33 financial or other type of assistance from contributing businesses.

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35 5. The commissioner is authorized to act through the division, or
36 through a nonprofit entity designated by the department pursuant to
37 section 4 of this act, to initiate contacts with existing entities in the
38 State including, but not limited to, community colleges, the New
39 Jersey Small Business Development Centers, research centers
40 associated with private industry or institutions of higher education in
41 this State, appropriate agencies, authorities, departments, divisions,
42 commissions, boards or bureaus of the State or federal government, or
43 any other appropriate nonprofit or for-profit entity, for the purpose of
44 arranging with an appropriate entity or entities to operate the three
45 centers, and to provide free or shared office space, personnel, facilities
46 and resources therefor, including computerized electronic equipment

1 to allow access to export trade leads that become available to the
2 division. The arrangements shall provide for the entity or entities to
3 continue operating the centers provided that such entity or entities
4 demonstrate that they have professional staff with expertise and skills
5 in export operations management and other international business
6 fields. The arrangements entered into pursuant to this section shall
7 specify the terms and conditions under which State guarantees and
8 direct loans may be made available from the authority in accordance
9 with eligibility criteria to be developed by the authority, in order to
10 provide financial incentives for the initial development of the centers.
11 The commissioner shall encourage global export network centers to
12 support their activities with private industry membership fees. The
13 commissioner shall work with each center to develop and implement
14 a schedule of fees to be paid by the small or medium-sized businesses
15 served by the centers. The fees shall be established to provide
16 sufficient funding to permit the centers to operate without State loans
17 or guarantees.

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19 6. Within 24 months of the effective date of this act, the
20 commissioner shall, after consultation with the authority, report to the
21 Governor and the Legislature on the outcome of the small business
22 global export network centers program authorized under this act,
23 including, but not limited to, whether the centers are self-supporting
24 entities, and if not, what specific steps should be taken to enable the
25 centers to continue operating without the need for further State
26 assistance, the cost of the program, the number and type of businesses
27 assisted by the program, and any recommendations regarding the
28 improvement and expansion of the centers in the State.

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30 7. The commissioner shall, pursuant to the "Administrative
31 Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), adopt any rules
32 and regulations necessary to effectuate the purposes of this act.

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34 8. This act shall take effect on the 90th day following enactment
35 and shall expire on the 90th day after the submission of the
36 commissioner's report and recommendations to the Governor and
37 Legislature pursuant to section 6 of this act.

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STATEMENT

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42 This bill authorizes the Commissioner of Commerce and Economic
43 Development to establish a pilot program to help small and
44 medium-sized businesses engage in exporting in order to compete
45 more effectively in the international marketplace. The bill authorizes
46 the department to establish small business export network centers

1 which will operate throughout the State to respond to the needs of
2 small and medium-sized businesses.

3 The Commissioner of Commerce and Economic Development is
4 authorized to designate three sites for the location of the small
5 business export network centers. For the purposes of the pilot
6 program, the commissioner shall strive to allocate the three sites in an
7 equitable manner throughout the various regions of the State. The bill
8 authorizes the commissioner to consider export development programs
9 in other states and to consult with the New Jersey Small Business
10 Development Centers (NJSBDCs), prior to acting through the division
11 or a nonprofit entity designated by the department to promote the
12 development of export network centers in this State.

13 The bill authorizes the commissioner to act through the division or
14 appropriate nonprofit entity to initiate contacts with various entities in
15 the State, including but not limited to, community colleges and other
16 institutions of higher learning, the NJSBDCs and private sector
17 research centers to arrange for an appropriate entity or entities to
18 operate the centers and to provide the office space, personnel,
19 facilities and resources necessary for the operation of the centers.

20 The arrangements to be entered into shall specify under what terms
21 and conditions State guarantees and direct loans may be made
22 available to assist with the initial development of these centers. The
23 bill further provides that the commissioner shall encourage the export
24 network centers to support their activities with private industry
25 membership fees and that the commissioner shall work with the centers
26 to develop sufficient fee-based funding to enable the centers to operate
27 without State loans or guarantees.

28 Within two years of the effective date of this act, the commissioner
29 is required to report to the Governor and the Legislature on the
30 outcome of the program and shall include any recommendations for
31 improving and expanding the program in the State. Ninety days after
32 the submission of the report, the law enacted by this bill shall expire.

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37 Authorizes Commissioner of Commerce and Economic Development
38 to establish a pilot program to promote exports of small and medium-
39 sized businesses.